



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

PROSPECTUS
of
DRAGON SWEATER AND SPINNING LIMITED

ISSUE SIZE:

Public offer of 40,000,000 ordinary shares of Tk. 10.00 each at par totaling to Tk. 400,000,000

SUBSCRIPTION OPENING AND CLOSING DATE:

Opening Date for Subscription: 17.01.2016
Closing Date for Subscription (Cut-off date): 26.01.2016

MANAGER TO THE ISSUE:



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UNDERWRITERS:

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Crystal Insurance Company Limited Lal Bhaban (10 th Floor), 18 Rajuk Avenue Motijheel, Dhaka-1000	Sonali Investment Limited 11/A, Toyenbee Circular Road, SARA Tower (11 th Floor), Motijheel C/A, Dhaka
Karnaphuli Insurance Company Limited Biman Bhaban (3rdFloor), 100 Motijheel C/A, Dhaka-1000	Swadesh Investment Management Limited Unique Trade Center, Level-11, 8 Panthapath, Karwan Bazar, Dhaka-1215, Bangladesh
Meghna Life Insurance Company Limited Biman Bhaban (2 nd Floor), 100 Motijheel C/A, Dhaka- 1000	Uttara Finance And Investment Limited Uttara Centre (11 th Floor),102 Shahid Tajuddin Ahmed Sarani, Tejgaon, Dhaka

The issue shall be placed in ‘N’ category

Issue date of the prospectus: -----



DRAGON SWEATER AND SPINNING LIMITED

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“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:

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Prospectus would also be available on the web site of BSEC (www.sec.gov.bd), DSE (www.dsebd.org), CSE (www.cse.com.bd), Dragon Sweater & Spinning Limited (www.dragonsweaterandspinning.com) and Swadesh Investment Management Limited (www.swadesh.com.bd) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

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ACRONYMS

Definition and Elaboration of the abbreviated words and technical term used in the prospectus

Acronym		Elaboration
AGM	:	Annual General Meeting
Allotment	:	Letter of allotment for shares
BAS	:	Bangladesh Accounting Standards
BSEC	:	Bangladesh Securities and Exchange Commission
BGMEA	:	Bangladesh Garments Manufactures and Export Association
BO A/C	:	Beneficiary Owner Account or Depository Account
CDBL	:	Central Depository Bangladesh Limited
CIB	:	Credit Information Bureau
Certificate	:	Share Certificate
Commission	:	Bangladesh Securities and Exchange Commission
Companies Act.	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
FC Account	:	Foreign Currency Account
DSSL	:	Dragon Sweater & Spinning Limited
IPO	:	Initial Public Offering
Issue	:	Public Issue of shares of DSSL
Issue Manager	:	Swadesh Investment Management Limited
MP	:	Market Price
NAV	:	Net Asset Value per Share
NRB	:	Non Resident Bangladeshi
Securities Market	:	Share market
SIML	:	Swadesh Investment Management Limited
SC	:	Share Certificate
Securities	:	Shares of Dragon Sweater & Spinning Limited
Sponsors	:	The Sponsor Shareholders of Dragon Sweater & Spinning Ltd.
STD Account	:	Short Term Deposit Account
Stockholders	:	Shareholders
Subscription	:	Application money
Taka/Tk./BDT	:	Bangladeshi Taka
The Company/Issuer	:	Dragon Sweater & Spinning Limited



SECTION-I : STATUTORY CONDITIONS

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

“As per provisions of the Depository Act, 1999 and regulation made there under, shares of the company will be issued in dematerialized form only and for this purpose the **Dragon Sweater & Spinning Limited** has signed an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, all transfer/transmission/splitting or conversion will take place in the CDBL system and any further issuance of shares (rights/bonus) will 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 **40,000,000** ordinary shares of **Tk. 10.00 each** at par totaling to **Tk. 400,000,000.00 (Taka Forty Crore)** following the Bangladesh 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 **05(Five) working days** of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue managers, within **5(Five) 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 BSEC, the stock exchanges and the issue managers 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 25 (**Twenty five**) days after the prospectus has been published.
4. The company shall submit **40 (Forty)** copies of the printed prospectus to the Bangladesh 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 managers shall ensure transmission of the prospectus and abridged version of the prospectus 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 to the said Embassies and Missions within **05 (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 BSEC jointly by the issuer and the Issue managers within **02 (Two) working days** from the date of said dispatch of the prospectus.
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 BSEC, to the stock exchanges and shall also submit copy of the listing application to BSEC.
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 **07 (Seven) days** of expiry of the aforesaid **15 (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.
11. The IPO shall stand cancelled and the Issuer shall inform the stock exchanges **within 2 (two) working days** of receiving verification report and information from CDBL to release the application money, 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.
12. **20% of total public offering shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী, 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 60% shall be open for subscription by the general public. In case of under-subscription under**



any of the 20% and 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.

13. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Taka 5,000/- (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.
14. 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 submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.
15. The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.
16. 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 25% of the 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 of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.
17. 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.
18. 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 -11 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.
19. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in period of 03 (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 01 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.

20. If any existing sponsor or director of any company transfers any share to any person, other than existing shareholders, within preceding 12 (twelve) months of submitting any application for



raising of capital or initial public offering (IPO), all shares held by those transferee shareholders shall be subject to a **lock-in period of 3 (three) years** from the date of issuance of prospectus for IPO.

21. **In respect of shares of Sponsors/Directors/Promoters (if in paper format) shall be handed over to security custodian bank registered with BSEC and shall remain till completion of lock in and 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 BSEC 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 BSEC.**
22. **The Company shall not declare any benefit/dividend based on the financial statements for the year ended on December 31, 2014 before listing of its capital with stock exchange(s).**
23. Updated Corporate Governance Guideline of the Commission has to comply with and a compliance report thereof shall be submitted to the Commission before 7 (seven) days of opening of subscription.

PART-B **Application Process**

Step-1 (Applicant)

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25th (twenty fifth) working day** from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
 - a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
 - b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time,



the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely “Public Issue Application Account”. The Stockbroker/Merchant Banker shall:
 - a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
 - b) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the “Public Issue Application Account” maintained with its bank within the first banking hour of **next working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker’s own portfolio, the application amount should also be transferred to the “Public Issue Application Account”;
 - c) instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.
4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant’s particulars.
6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and **within 03 (three) working days** from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde ‘~’ separator) format, the certificate(s) issued by its banker, the drafts received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.
7. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers’ certificates in their custody.
8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants’ BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents’ Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.



12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The Issuer and issue manager shall arrange posting the lottery result on their websites within **06 (six) hours** and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
14. Within **02 (two) working days** of conducting lottery, the Issuer shall:
 - a) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
 - b) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
 - c) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
 - d) send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

Step-4 (Intermediary)

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:
 - a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants
 - b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;
16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:
 - a) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
 - b) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.
17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.
18. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk.5.00 (five) per withdrawal.



19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 (ten) working days from the date of lottery.

Miscellaneous:

20. The Issuer, Issue manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.
21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.
24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.
26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

PART –C

1. The issuer and the issue managers 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 Bangladesh Securities and Exchange Commission.
2. The issue managers shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by BSEC. If any discrepancy/inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to BSEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with BSEC.
3. Both the issuer company and the issue managers 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 status report on utilization of Public Offering proceeds audited by foreign affiliated auditors and authenticated by the board of directors to the Commission and the stock exchanges within 15 (Fifteen) days of the closing of each month 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. **While auditing the utilization of IPO proceeds, the auditors will perform their jobs under the following terms of reference (TOR) and confirm the same in their report/certificate:**
 - (a) Whether IPO proceeds have been utilized for the purposes/heads as specified in the prospectus;**
 - (b) Whether IPO proceeds have been utilized in line with the condition (if any) of the Commission's consent letter;**
 - (c) Whether utilization of IPO proceeds have been completed within the time schedule/implementation schedule as specified in the published prospectus;**
 - (d) Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/specified in the published prospectus; and**
 - (e) The auditors should also confirm that:(i)assets have been procured/imported/constructed maintaining proper/required procedure as well as at reasonable price; and (ii) auditors' report has been made on verification of all necessary documents/papers/vouchers in support of IPO proceeds making reconciliation with Bank Statement.**
7. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
8. 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 BSEC and stock exchanges.
9. Directors on the Company's Board will be in accordance with applicable laws, rules and regulations.
10. The financial statements should be prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as required by the Securities and Exchange Rules, 1987.
11. If any quarter or half-year of the financial year ends after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the said quarterly/half yearly financial statements in accordance with the Commission's Notification SEC/CMRRCD/2008-183/admin/03-34 dated September 27, 2009 and the section 13 of the Securities and Exchange Rules, 1987.



12. In the event of arising issues concerning Price Sensitive Information as defined under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সুবিধাভোগী ব্যবসা নিষিদ্ধকরণ) বিধিমালা ১৯৯৫ after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the information as price sensitive in accordance with the Commission's Notification No. SEC/SRMI/200-953/1950 dated October 24, 2000.
13. No issuer of a listed security shall utilize more than 1/3rd (one-third) of the fund raised through IPO for the purpose of loan repayment.

PART-D

1. All the above conditions imposed under section 2CC of the Bangladesh 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-E

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 Limited (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 and the Issue Managers shall ensure due compliance of all the above conditions and the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2006.



GENERAL INFORMATION

Swadesh Investment Management Limited (SIML) (the Issue Manager) has prepared this Prospectus based on the information provided by **Dragon Sweater & Spinning Limited (DSSL)** (the Issuer) and also upon several discussions with the Chairman, Managing Director and related executives of the Company. The Directors of Dragon Sweater & Spinning Limited and Swadesh Investment Management 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 Swadesh Investment Management 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 **Dragon Sweater & Spinning Limited, Swadesh Investment Management Limited**, the **underwriters** and the **Stock Exchanges** where the securities will be traded.

**SECTION-II : DECLARATIONS AND DUE DELIGENCE CERTIFICATES****DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTOR(S), INCLUDING CEO OF THE COMPANY “DRAGON SWEATER AND SPINNING 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 therein 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/-
Mostafa Quamrus Sobhan
Chairman

Sd/-
Mostafa Golam Quddus
Managing Director&Director

Sd/-
Fauzia Quamrun Tania
Director

Sd/-
Fazlutun Nessa
Director

Sd/-
Tasnia Quamrun Anika
Director

Sd/-
Shafia Sobhan Chowdhury
Director

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

We hereby agree that we have been serving as Director(s) of Dragon Sweater & Spinning Limited and continue to act as Director(s) of the Company.

Sd/-
Mostafa Quamrus Sobhan
Chairman

Sd/-
Mostafa Golam Quddus
Managing Director&Director

Sd/-
Fauzia Quamrun Tania
Director

Sd/-
Fazlutun Nessa
Director

Sd/-
Tasnia Quamrun Anika
Director

Sd/-
Shafia Sobhan Chowdhury
Director

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

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



DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM BSEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF DRAGON SWEATER & SPINNING LIMITED

In case of any material changes in any agreement, contract, instrument, facts and figures operational circumstances and statements 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

Sd/-

Mostafa Golam Quddus

Managing Director & Director

Dragon Sweater & Spinning Limited

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM BSEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF DRAGON SWEATER & SPINNING LIMITED

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/-

Mamun Ahmed

Managing Director

Swadesh Investment Management Limited



DUE DILIGENCE CERTIFICATE OF MANAGER TO THE ISSUE

Subject: Public Offer of 40,000,000 Ordinary Shares of Tk. 10.00 each at par totalling Tk.400,000,000.00 of Dragon Sweater & Spinning Limited.

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 the discussions 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/-

Mamun Ahmed

Managing Director

Swadesh Investment Management Limited

Date: January 17, 2015



DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER(S)

Subject: Public Offer of 40,000,000 Ordinary Shares of Tk. 10.00 each at par totalling Tk. 400,000,000.00 of Dragon Sweater & Spinning 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 for our underwriting decision; and
2. On the basis of such examination and the discussions 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. 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 un-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/Chief Executive Officer

Continental Insurance Limited
Crystal Insurance Company Limited
Karnaphuli Insurance Limited
Meghna Life Insurance Limited
Rupali Life Insurance Co. Limited
Sonali Investment Limited
Swadesh Investment Management Limited
Uttara Finance and Investment Limited



SECTION-III : RISK FACTORS AND MANAGEMENT'S PERCEPTIONS ABOUT THE RISKS

An investment in capital market involves a high degree of risk. The company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments made by the investors. All investors should carefully consider all of the information in this prospectus, including the risk factors, both external and internal, and management perception thereabout enumerated hereunder before making an investment decision.

(a) Interest Rate Risk

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

Management perception

The management of the Company is always aware of interest rate, which is connected to the cost of fund of the Company. The Management prefers procuring 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.

(b) Exchange Rate Risk

If exchange rate is increased against local currency opportunity is created for getting more revenue against sale in local currency. On the other hand if exchange rate goes down margin is squeezed in local currency.

Management perception

The products of the Company are sold against foreign currency and payments for raw materials are also made in foreign currency. It notes that in case of Dragon Sweater & Spinning Limited, earnings is made only by export in the currency of US Dollars and payment is also made from earnings US dollars. As the Company is 100% export oriented and in future it will be the same, volatility of exchange rate will have no impact on profitability of the Company and exchange rate risk factor minimize to foreign business transaction.

(c) Industry Risk

Textile industry is a highly competitive industry but the largest industrial sub-sector in Bangladesh. Its contribution is the highest in the country's total export earnings, gives employment to over four million people and contributes around 50% of the industrial value addition. The Company faces a number of aggressive competitors within the country as well as after phasing out of the Multi Fiber Agreement (MFA). The global textile trade is now free from quota restriction. So the textile industry of Bangladesh is now facing competition from China only which is very strong in production of textile goods.

Management perception

The Company has successfully entered into the market by offering better quality products at competitive terms as well as the textile industry of Bangladesh has also successfully coped with the post Multi Fiber Agreement(MFA) competitive situation. The force, which is helping the Company for its strong existence, is emergence of backward linkage industry. Backward linkage industries are supporting for minimizing lead-time and cost of production. The Company is a first state of backward linkage industry of Acrylic yarn and Cotton Yarn producing that facilitates for better existence.



(d) Market Risk

In the global market of 21st century, developed technology, products and services render obsolete the old service and product strategy. So, the existing organization may not be able to cope up with the future needs and demands.

Management perception

In order to face the 21st century global market challenge, DSSL has develop an efficient market research team to find out the potential market of their product and also diversifying its product line to reduce the market risk.

(e) Technology related Risk

Technology always plays a vital role for existence of any industrial concern. Innovation of new and cost effective technology may obsolescence existent technology, which may cause negative impact.

Management perception

The project is equipped with world's modern and latest machineries and technology and to cope with the pace in harmony with modern textile world, the Company is continuing modernization program of its machinery.

(f) Potential or existing government regulations

The Company operates under companies act, taxation policy adopted by NBR, Bangladesh Security and Exchange Commission (BSEC)'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. Unless adverse policies are taken, which may materially affect the industry as a whole; the business of the Company will not be affected.

Management perception

Government emphasizes on the growth of Yarn Industry to boost up the export of RMG. Yet the promoters and the sponsors have to endeavor to convince the policy makers for adopting favorable terms & conditions, which will eventually help the yarn manufacturers of Bangladesh to compete with the firms in low cost locations in the global arena.

(g) 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 perception

The Company can prosper in a situation of political stability and a congenial business environment. Political turmoil and disturbance are bad for the economy and so also for this sector. This is why WTO and Asian Development Bank (ADB) emphasizes development of textile sector in chalking out their respective policies. The Company is always aware of all types of turmoil and even though if the smooth supply of raw material (TOW) is hampered or faces any kind of disruptions it will produce it in future and try to keep the production smooth.

(h) History of non-operation, if any

Is there any history for the Company to become non-operative from its commercial operation?

Management perception

The Company is in commercial operation since 16th June' 1999 and it has no history of non-operation till now. The Company has an independent body that 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 for knitting purpose. So, the chance of becoming non-operative for the Company is minimum.



(i) Operational risk

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 can adversely impact the profitability of the Company.

Management perception

The compensation as well 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 amount of flood is recorded. 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.

(j) Labor Unrest

Inherently manufacturing industries in Bangladesh like Textile, Garments and other related industries has been affected by labor unrest that might go up to threaten the long-run survival of the industry. Any incident of labor unrest would adversely affect the company's operation as well. Most damage might be done in the part of reputation in terms of timely delivery of quality product to foreign buyers. This may affect the long-run profitability of the company as well.

Management Perception

The manufacturing plant of the company is situated in Chandul, Miah Bazar, Comilla. We maintained to workers a standard structure of salaries and wages which is higher than any other location along with timely disbursement is ensured. Besides, the workers are provided with regular attendance of a doctor at the factory premises. All the above factors certainly create labor-friendly environment that translate into incremental productivity and uninterrupted working atmosphere.

(k) Risk of materializing the profit/benefit by the related party transactions for under pricing

The company management does not have any anticipated policy for inter-company cost sharing or fund transfer or materializing the profit or benefit by related party transaction through under/over pricing of products.

Management perception

The sister concern of DSSL is associated with diversified products and businesses. As a result, product of one company may be consumed by other associates as raw materials. For example, CD Acrylic Limited's finished products like yarn, wool, cotton, synthetic, acrylic, fibers etc. could be used as raw materials by DSSL. All exports of DSSL are made by L/C which is being monitored by our financed bank and customs regularly. Therefore, there is no risk of materializing the profit/ benefit through related party transactions by underpricing or over-pricing of products.

(l) Risk for not keeping provision against inter-company transactions

Dragon Sweater and Spinning Limited (DSSL) is not keeping provision for be against inter-company transactions.

Management perception

Inter-company transactions were created to sales of goods to the other concern through back to back L/C. Such transactions of inter-company are regular in nature and being recovered frequently. To execute exports (deemed), DSSL got L/C acceptance and confirm maturity date from corresponding bank. Therefore, provision for bad debts is not keeping against inter-company transactions.

**(m) Risk related to factory in the same boundary:**

The factory of the Issuer Company and CD Acrylic Bangladesh Limited are in the same boundary.

Management perception:

The possession and control of 171 decimal lands of Dragon sweater & spinning limited is lying with the company itself. Both the companies are operated and controlled in a separate possession of land under the company's own control. Cd Acrylic Bangladesh Limited own total 375 decimal land itself, which is demarcated by the internal road. Both the companies operated in the same boundary to get good control over the security and make ease of access of the transportation facilities in the factory premises.

SECTION-IV :CAPITAL STRUCTURE AND PURPOSE OF PUBLIC OFFERING**CAPITAL STRUCTURE OF THE COMPANY**

The capital structure of Dragon Sweater & Spinning Limited before and after IPO will be as under:

Particulars	No. of Shares	Face Value (Tk.)	Amount in Taka
Authorized Capital	150,000,000	10	1,500,000,000

Before IPO Paid up Capital:

Particulars	Date of Allotment	No. of shares issued			Amount of share capital (Taka)
		Consideration in cash	Consideration other than cash	Bonus Share	
First (subscription to the Memorandum & Articles of Association at the time of incorporation)	June 16, 1999	30,000	-	-	300,000
Second	December 29, 2010	98,000	-	-	980,000
Third	December 30, 2010	-	9,444,000	-	94,440,000
Fourth	December 28, 2011	-	-	19,144,000	191,440,000
Fifth	August 18, 2013	-	-	11,284,000	112,840,000
Sixth	December 03, 2013	17,426,000	-	-	174,260,000
Seventh	December 11, 2013	2,574,000	-	-	25,740,000
Total (A)		20,128,000	9,444,000	30,428,000	600,000,000

After IPO Paid up Capital:

Total no. of shares (post IPO) (A+B)	100,000,000
Paid up Capital (post IPO)	1,000,000,000

USE OF IPO PROCEEDS**Future Plan of IPO Fund Utilization:**

Particulars	Amount in BDT
Sources of Fund:	
Issue size (Number of share to be issued)	40,000,000
Issue price	10.00
Total Amount	400,000,000.00
Less: IPO Expenses [Details at page # 34]	17,600,000.00
Net Proceeds from capital raised & IPO	382,400,000.00



Net Proceeds from initial public offering (IPO) will be used for expansion of current capacity in order to boost up the profitability of the Company and as working capital. The below mentioned cost is the total of the project for expansion, which will be completed from IPO proceeds. The details of which is stated as under:

Particulars	IPO Proceeds
Imported Machinery	158,200,000
Building & other Civil Construction	183,117,500
Spare Parts& Clearing, Erection, Loading/Unloading, Transportation & Installation cost	11,340,000
Working Capital	29,742,500
Total	382,400,000

Break down of Imported Machinery:

Description	Quantity	Per Unit Cost	Total Amount in Tk.
Generator 1400 KVA*	1	24,200,000.00	24,200,000.00
Country of Origin: America			
Parts includes (Per Unit of Machine)			
Ring Spinning Machine	5	22,800,000.00	114,000,000.00
Country of Origin: German,			
Parts includes (Per Unit of Machine)			
Knitting Machine	10	2,000,000.00	20,000,000.00
Country of Origin: China			
Parts includes (Per Unit of Machine)			
Total Cost Use from IPO			158,200,000

Details of Generator 1400 KVA*:

Open Generator Set - - 1500rpm/50 Hz/400 Volts	DM8221	
➤ Low Fuel Consumption		
➤ Generator Set Package Performance		
❖ Genset Power rating @ 0.8 pf	1400 kVA	
❖ Genset Power rating with fan	1120 ekW	
➤ Fuel Consumption		
❖ 100% load with fan	297.8 L/hr	78.7 Gal/hr
❖ 75% load with fan	225.1 L/hr	59.5 Gal/hr
❖ 50% load with fan	156.5 L/hr	41.3 Gal/hr
➤ Cooling System		
❖ Air flow restriction (system)	0.12 kPa	0.48 in. water
❖ Air flow (max @ rated speed for radiator arrangement)	1246m3/min	44002cfm
❖ Engine Coolant capacity with radiator/exp. Tank	286.8 L	75.8 gal
❖ Engine coolant capacity	156.8 L	41.4 gal
❖ Radiator coolant capacity	130.0 L	34.3 gal
➤ Inlet Air		
❖ Combustion air inlet flow rate	100.4m3/min	3545.6 cfm
➤ Exhaust System		
❖ Exhaust stack gas temperature	470.1 C	878.2 F
❖ Exhaust gas flow rate	260.8 m3/min	9210.1 cfm
❖ Exhaust flange size (internal diameter)	203.2 mm	8.0 in
❖ Exhaust system backpressure (maximum allowable)	6.7 kPa	26.9 in. water
➤ Heat Rejection		
❖ Heat rejection to coolant (total)	695 kW	39525 Btu/min
❖ Heat rejection to exhaust (total)	1162 kW	66083 Btu/min
❖ Heat rejection to after cooler	203 kW	11545 Btu/min
❖ Heat rejection to atmosphere from engine	119 kW	6768 Btu/min
❖ Heat rejection to atmosphere from generator	56.5 kW	3213.1 Btu/min
➤ Alternator		
❖ Motor starting capability @ 30% voltage dip	3087 skVA	
❖ Frame	1445	
❖ Temperature Rise	150 C	270 F
➤ Lube System		
❖ Sump refill with filter	310.4 L	82.0 gal



Rationales for 1400 KVA Generator:

From last two years, the company is going on a huge expansion program by factory building construction and importing capital machineries and the company has also decided to import new additional machineries from proposed IPO fund for balancing the factory. But the existing capacity of power back up is not sufficient to support the expansion program. Therefore, it is essential for the company to procure 1400 KVA new generator for smooth production.

Break down of Building & other Civil Construction:

1. SEVEN STORED FACTORY BUILDING (TEN STORIED FOUNDATION) TOTAL 133,000 SFT

Detail Estimate & BOQ of vertical extension of Factory Building at Dragon Sweater & Spinning Limited, Chandul, P.O: Miah Bazar, P.S: Chowddahgaram, Dist: Comilla, Bangladesh.

Item no 01

RCC work for 19,000 sft

a) Column Casting:		7,484,400
	24''X24''X11'X26	
	20''X20''X11'X23	
	18''X18''X11X1	
	10''X30''X11X4	
	52'X10''X11'X2	
b) Lintel + Sun shed		343,460
	495'X10''X15''	
	18''X4''X20'X13	
c) Roof Beam: Length		10,250,460
	200X6=1200'X15''X20''	
	95X10=950'X15''X20''	
d) Roof Slab casting		27,420,570
	200'X95'X7''	
Total		45,498,890

Item no 02 (MS bar/rod)

a) Column	[2,70,000 kg]	15,390,000
b) Lintel +sun shed	[40,947 kg]	2,334,022
c) Roof Beam	[2,07,000 kg]	11,799,000
d) Roof slab	[3,69,289 kg]	21,049,486
Total		50,572,508

Item no 03

Brick work		6,700,947
Total		6,700,947

Item no 04

Plaster work		
a) Wall		1,146,859
b) Ceiling		1,058,640
Total		2,205,499

Item no 05

Grill work		
a) Window Grill		469,572
b) Parapet Grill		2,149,598
Total		2,619,170

Item no 06

Aluminum window		1,073,308
Collapsible Gate + shutter		417,398
Total		1,490,706

**Item no 07**

Wooden door (fire prove)	2,173,946
Total	2,173,946

Item no 08

Printing & Color work	2,205,500
Total	2,205,500

Item no 09

Tiles/Marble work	50,345,057
Total	50,345,057

Item no 10

Roof ceiling	2,184,047
Total	2,184,047

Item no 11

Electric work	6,585,629
Sanitary + plumbing work	10,535,602
Total	17,121,231
Gross Total	183,117,500

Implementation Schedule

Sl	Description	Schedule of Implementation
1	Imported Machinery	Within 10 months after receiving IPO fund
2	Building and other Civil Construction	Within 6 months after receiving IPO fund
3	Spare Parts and Clearing, Erection, Loading/Unloading, Transportation & Installation	Within 11 months after receiving IPO fund
4	Working Capital	Within 3-4 months after receiving IPO fund
5	IPO Expenses	Within 3-4 months after receiving IPO fund

The Company did not enter into any contract for foreside utilization of IPO Proceeds.

Sd/-

Mostafa Golam Quddus
Managing Director& Director

Sd/-

Ashish Kumar Chowdhury
Chief Financial Officer

Dated: 14 June, 2015

**SECTION-V : DESCRIPTION OF BUSINESS****Company Profile**

Dragon Sweater and Spinning Limited (DSSL) was incorporated as a Private Limited Company under the Companies Act 1994 on 16th June 1999, located at Chandul, Miah Bazar, Comilla, Bangladesh having its corporate office at 25/2, DIT Road, Malibagh Chowdhury Para, Dhaka-1219, Bangladesh and subsequently the Company converted into public limited company on 13 January 2012.

The Company has started its commercial operation on October 06, 1999 with a sweater capacity of 21,60,000 (Twenty one lac sixty thousands) pieces per annum and spinning capacity of 65,70,000 (Sixty five lac seventy thousand) pounds per annum..

Dragon Sweater and Spinning Limited is a 100% composite export oriented spinning and sweater manufacturing company. Having its own spinning, sweater manufacturing unit, DSSL is producing and supplying sweaters to world's biggest renowned buyers like Wal-Mart, C&A, Zara, Macys, K-Mart, Lidel, Next, Bufalo, Primark etc.

The authorized capital of DSSL is BDT 1,500,000,000 and paid up capital is BDT 600,000,000 as on September 30, 2014.

Major milestones of the Company:

- 1999: Incorporated as a private limited company with the paid up capital of Tk. 3.00 (Three) Lac.
- 1999: Started its commercial operation on October 06, 1999.
- 2010: Raised paid-up capital by Tk. 95,420,000.
- 2011: Raised paid up capital by Tk. 191,440,000.
- 2013: Increased paid up capital from Tk. 287,160,000 to Tk. 600,000,000.

Nature of Business

The company has been incorporated with the primary objective of getting involved in promoting, establishing and conducting textile, yarn and acrylic spinning mills in Bangladesh and to undertake all other business in connection therewith.

Dragon Sweater & Spinning Limited runs the business of producing Spinning and manufacturing and exporting of readymade sweater, pull over and wearing apparels of all kinds out of wool, cotton, synthetic, fibers, acrylics and others to establish a modern Sweater Factory or manufacturing Sweater shirt and pullover of acrylic cotton, wool, silk, jute, flex, synthetic, and/or any fabric yarn for men, women, boys, and girls and marketing the same in the foreign market.

DSSL produce only white color yarn or sweater from cotton and has not engaged in dyeing, printing, finishing or any other washing procedure.

Principal Products and Services

Major Product (for Gents, Ladies & Kids)	
Pullover	Cardigan
V Neck	V Neck
Y Neck	Y Neck
Waist Coat	Waist Coat
Round Neck	Round Neck
High Neck	High Neck
Pullover with Hood	Cardigan with Hood



Market for the Products

Dragon Sweater & Spinning Limited is a 100% export oriented sweater manufacturing company. DSSL is a project that contains Spinning of Yarn and in the manufacturing and export of readymade sweaters and all kinds of knit wears made out of wool, cotton, synthetic fibers, acrylics and others.

Although dependency on a single product for overall revenue generation creates some product non diversification risk, but its widely diversified customer base and sound relationship maintenance make them a successful player in the relevant market. Most importantly its buyer composition remains more or less same over last twelve years.

The Company is supplying sweaters to world's renowned buyers like Wal-Mart, Next, Kmart and Primark etc. and concentrated in the markets of various countries such as USA, Canada, Mexico, Brazil, Chili, UK, Japan, Australia and other European Countries. The Company achieved ISO 9001:2000 certificate for quality control.

Products/Services that account for more than 10% of the company's total revenue

Details break down of products which contribute more than 10% of the company's total revenue for the year ended December 31, 2014 are given below:

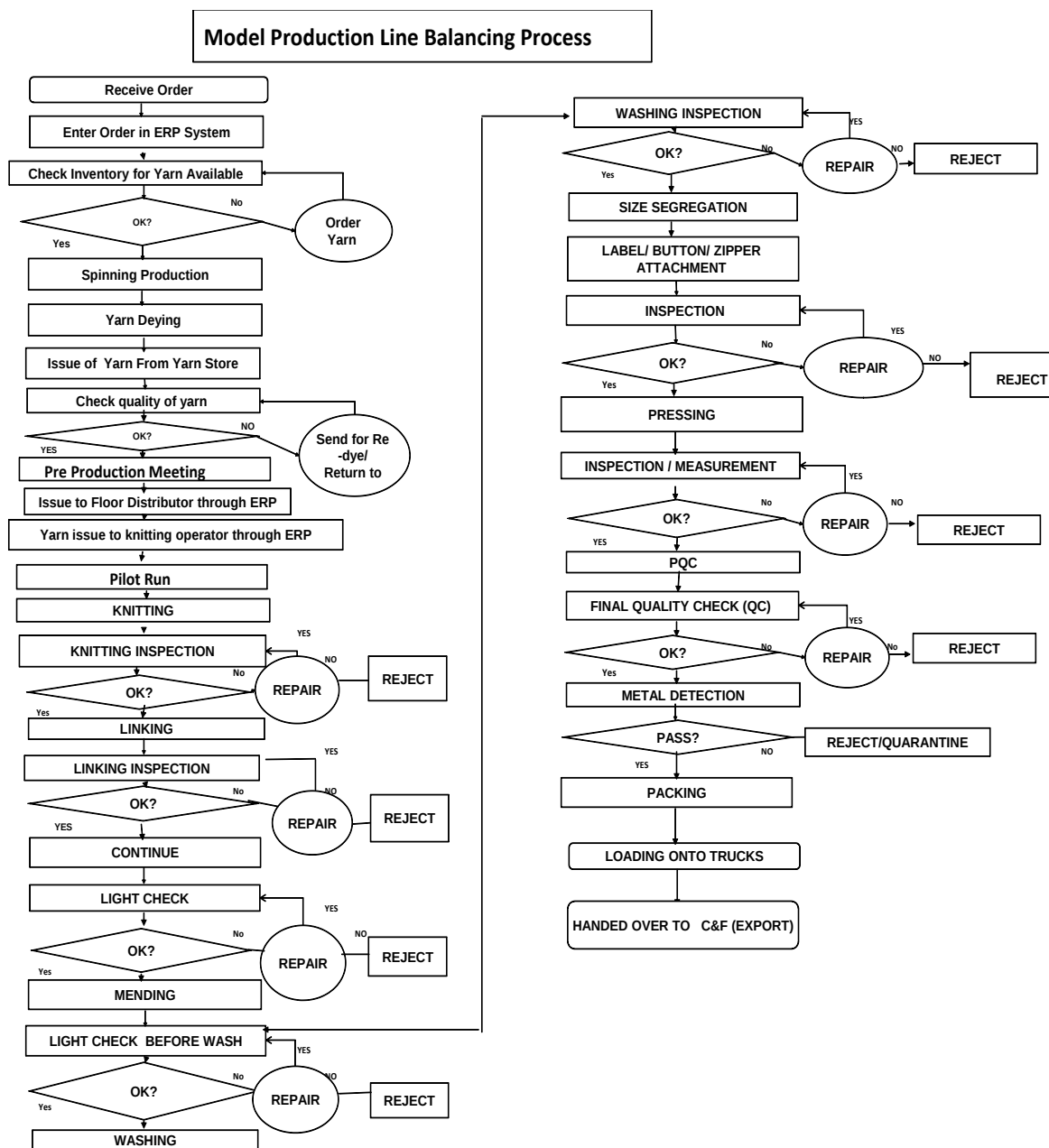
Major Product (for Mens, Ladies & Kids)		Revenue As on December 31, 2014 (Amount in Taka)	Percentage (%)
Pullover	Y Neck	171,770,040	22.40%
	West Coat	106,251,902	13.86%
	Round Neck	142,419,764	18.57%
Cardigan	High Neck	121,885,539	15.89%

Associates, Subsidiary/ Related Holding Company

Dragon Sweater & Spinning Limited has no associates, subsidiary/related holding company.

**Distribution of Products/Services**

With a view to produce the right products in right time and supply the right products in the right place and in right time, DSSL is producing a production and distribution of its products as follows:

Model of Production and Distribution of Product



Competitive conditions of Business

Sweater and spinning industry is regarded as an engine for economic development for a technologically backward and manpower surplus country like Bangladesh. For the economic uplift of the country and to accelerate the on-going industrialization process, development of the Sweater and spinning is of great importance.

The company earned good name and fame in the international market for its quality. The following are the major sweater producer competitors in Bangladesh:

Name of the major competitors of Dragon Sweater and Spinning Limited:

Name of Competitors	
- Zahintex Industries Limited - Matrix Sweater Limited - R.N. Spinning Mills Limited - Diganta Sweater Limited - Tamishna Sweater Limited M. L. Dyeing Limited	- Ring Shine Group - DNS Pretty Group - Target Sweater - Pioneer Sweater Limited - Tung Hai Knitting and Dyeing Limited

Sources and availability of raw materials and the names of the principal suppliers

Dragon Sweater and Spinning Limited procure raw materials from leading suppliers both locally and globally. DSSL's major raw materials are yarn and accessories.

Names of the suppliers of the raw materials are given below:

Sl. No.	Name of Suppliers	Name of Raw Materials	Address
1	Purbani Synthetic	Yarn	Richmond Concord, 68, Gulshan Avenue, Gulshan-1, Dhaka
2	Dekko Accessories Ltd.	Accessories	Suvastu Zenim Plaza, Road # 16, Dhanmondi R/A, Dhaka
3	M & U Packing Ltd.	Packing Materials	Dhanua, Sreepur, Gazipur, Bangladesh
4	Netco Asia	Yarn	Plot # 10, Road # 6, Sector # 1, Uttara, Dhaka
5	Shepherd Industries	Yarn	Road # 3, House # 259, DOHS, Baridhara, Dhaka
6	Jiangsu Guo Thai Int.	Yarn/Fiber	15-17/F, Guo Tai, Zhangjiagang, Jiangsu, China
7	Banero Textile Mills Ltd.	Yarn/Fiber	S.M. Farooq Road, Karachi-74900, Pakistan
8	Marubeni Hong Kong	Yarn/Fiber	Admiralty Center, 18, Harcourt Road, Hong Kong
9	Daystar Accessories Co.	Accessories	Nan Fung Tower, 173, Dex Voeux Road, Hong Kong

Sources of and requirement for power, water and gas or any other utilities

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

Power	DSSL has a sanction of 1.20MW electricity from REB but currently only 0.40 MW of electricity is used as the Company has a captive power plant of 1.20MW capacity.
Water	Demand of water is met up with own deep tube well. The Company has already set up a water complex including the pump house and water tank.
Gas	The Company has a sanction of 591,500 cubic Meter gas and its Generator capacity 1.20 MW.

**Name of Customer(s) who purchase 10% or more of the Company Product/Service**

The Company's products are sold to the following customers who provide 10 % or more of the Company's total revenue:

Sl. No.	Name of Customers	Country	As on December 31, 2014 (Amount in Taka)	Percentage %
1	Primark	Ireland,USA,UK,Spain	225901809.3	29.76%
2	Walmart	Mexico,Chili,Brazil,Buffalo	397284122.8	51.58%

Contract with principal suppliers/customers

Dragon Sweater and Spinning Limited has not entered into any contract with any of its suppliers or customers.

Material patents, trademarks, licenses or royalty agreements

Dragon Sweater and Spinning Limited does not have any material patents, trademarks, licenses or royalty agreements.

Number of Employees

As on December 31, 2014 the total numbers of employees of the company (Head Office & Factory) is 579 as follows:

As on December 31, 2014

Salary Range	Officer & Staff		Workers	Total Employee
	Factory	Head Office		
5300	-	-	-	-
Above 5300	95	52	432	579
Total	95	52	432	579

All employees are full-time employee.

Production Capacity and Current Utilization

As on December 31, 2014

Particulars	License Capacity	Installed Capacity	Actual Production	Percentage
Sweater	3,650,000 pcs per year	2,160,000	2,100,869	97.26%
Spinning	6,570,000 lbs per year	6,570,000	5,253,378	79.96%

**SECTION-VI : DESCRIPTION OF PROPERTY****Location of principal plants and other properties of the company and their condition**

Dragon Sweater and Spinning Limited having its corporate office at 25/2, DIT Road, Malibagh Chowdhury Para, Dhaka-1219 in the rented premises. The factory premises is located at its own land at Chandul, Miah Bazar, Chouddagaram, Comilla, Bangladesh.

Fixed Assets

The Company owns the following operating fixed assets and they are situated at Company's office and factory premises; and written down value as on December 31, 2014 are given below:

(Written Down Value in Taka as per Audited Accounts)

Sl. No.	Particulars	As on December 31, 2014
1	Land & Land Development	94,440,000
2	Building	210,112,336
3	Plant & Machinery	214,737,457
4	Generator	10,939,537
5	Boiler	4,676,032
6	Washing Machine	1,024,511
7	Weight Machine	35,044
8	Cleaning Machine	3,254,738
9	Transformer	2,634,325
10	Furniture & Fixture & Decoration	2,845,677
11	Office Equipments	1,491,556
12	Cookeries	19,487
13	Air Compressor	1,901,816
14	Water & Gas Installation	4,264,650
15	Computer & Accessories	761,899
16	Telephone & PABX	12,570
17	Electric Installation	2,651,798
18	Fire Fighting's	4,593,767
19	C.C. Camera	295,032
20	Motor Vehicles	970,975
Total		561,663,206

Condition of Property

The above properties were purchased in brand new condition.

Description of Land

Sl. No.	Description	Cost/Taka	Location
01.	Area of land is 133decimal (in the name of Dragon Sweater & Spinning Limited)	77,340,000	Chandul, Miah Bazar, Chouddagaram, Comilla.
02.	Area of land is 38decimal (in the name of Dragon Sweater & Spinning Limited)	17,100,000	Chandul, Miah Bazar, Chouddagaram, Comilla.
Total		94,440,000	

Deed reference of Lands and details information is mentioned hereunder:

Deed No & Date	Year of Purchase	Area of Land
No. 2889, Date: 23.12.2010	2010	38.00 decimals
No. 2888, Date: 23.12.2010	2010	33.00 decimals
No. 2888, Date: 23.12.2010	2010	100.00 decimals
Total		171.00 decimals



Description of Building

Dragon Sweater & Spinning Limited having its owned 3 (Three) storied factory building of total 231,288 square feet is located at Miah Bazar, Comilla, Bangladesh. This factory building is mortgage as security to the City Bank Limited, Head Office. A detail of factory building is given below:

Sl.No.	Particulars	Detail Description	Area (sft)
1	Ground Floor	RCC 15', First Class Roof {(101'X320) + (180.4'X234')}	74,534
	1st Floor	RCC 12', First Class Roof {(101'X320) + (180.4'X234')}	74,534
	2nd Floor	RCC 12', First Class Roof {(101'X320) + (180.4'X234')}	74,534
	3rd Floor	RCC 10', First Class Roof (26.3'X53')	1,394
2	Generator Building	RCC 23', First Class Roof {(55'X32.5') + (60'X17')}	2,808
3	Water Tank (Oxidizing)	RCC 23', First Class Roof (57'X21')	1,197
4	Water Tank	3 Tank and Chambers	1,447
5	Security Guard Room	RCC 15', First Class Roof (56'X15')	840
Total			231,288

Description of Mechaneries

Major Machineries of the company along with year of acquisition, total cost are stated below:

Name of the Machineries	Country of Origin	Quantity	Year of acquisition	Total cost in Taka
Jacquard Machine	China	5	2002	20,962,744
Jacquard Machine	Germany	12	2001	109,419,725
Knitting Machine (1.5 GG)	China	76	2005	3,130,320
Knitting Machine (3 GG)	China	271	2004	7,384,754
Knitting Machine (5 GG)	China	137	1999	2,470,656
Knitting Machine (7 GG)	China	70	1998	6,249,258
Knitting Machine (12 GG)	China	159	1999	4,757,882
Linking Machine (5 GG)	China	240	2002	1,650,038
Linking Machine (7 GG)	China	60	2002	412,510
Linking Machine (14 GG)	China	25	2005	1,614,586
Linking Motor	China	4	2005	181,229
Sewing Machine	China	25	2004	2,285,387
Winding Machine	China	80	2002	1,222,250
Iron Machine	China	34	2002	163,645
Board Cutting Machine	China	1	2001	9,380
Label Cutting Machine	China	2	2001	8,592
Button Machine	China	2	2001	85,922
Button Hole Machine	China	2	2001	85,922
Bartaq Machine	China	2	2001	85,922
Overlock Machine	Japan	4	2001	284,315
Fedlock Machine	China	2	2002	763,675
Hydroextractor	China	2	2003	933,555
Dryer	China	15	2002	1535,386
Opener- 1	Taiwan	1	1998	217,010
Opener- 2	Taiwan	1	1998	54,253
Opener- 3	Taiwan	1	1998	130,206
Blow Room / Belanding Machine	Taiwan	1	1998	325,515
Tandom Card / Wool Comber	China	2	2003	5,599,900
Tandom Card	Germany	1	1998	542,526
Tandom Card	Germany	1	1998	542,526
Gill Box / Auto Top Making & Drawing Machine	Germany	3	2002	16,625,551
Gill Box	Italy	1	2005	2,282,427
Gill Box	Germany	1	2002	2,465,353
Gill Box	Taiwan	2	2000	580,992
Roving Frame	Italy	1	2005	3,347,560
Wire Mounting Machine	China	1	1998	542,526
Card Top Roller Set	China	1	1998	651,031
Ring Frame	Italy	10	1997	11,985,835



Name of the Machineries	Country of Origin	Quantity	Year of acquisition	Total cost in Taka
Top Roller Granding M/C	Taiwan	1	1997	858,584
Auto Winder	Italy	4	1997	359,800
Manual Winder	Taiwan	6	1996	2,207,816
Ring Twisting	China	8	1998	976,546
Reeling Machine	Taiwan	7	1997	824,241
Fork Lifter	Taiwan	1	1998	32,552
Trispun (Hi-low-loop)	Italy	1	1997	5,437,700
Breaker	Italy	1	2003	18,492,283
Re-Breaker	Italy	1	2003	11,557,677
Opener	Taiwan	1	1998	217,010
Blow Room / Blending Machine	Taiwan	1	1998	325,515
Carding	Taiwan	9	2000	1,045,786
Gill Box	Taiwan	1	2000	464,794
Ring Frame	Germany	8	2002	4,444,726
Ring Frame	Germany	2	2002	3,394,064
Double Winder (Finisher)	Germany	1	2002	3,993,177
Manual Winder	Taiwan	2	1997	179,900
Two for One Twister	China	3	2003	6,609,208
Double Winder	China	4	1997	359,800
Top Roller Grinding M/C	China	1	2003	116,198
Twist Gear	China	1	1997	26,387
Spray type pressure shrinkage Machine (500 & 400 lbs)	Taiwan	3	1996	2,964,470
Spray type pressure shrinkage Machine	China	2	1997	58,785
Spray type pressure shrinkage Machine (For Sample)	Taiwan	2	1996	3,514,936
Spray type pressure shrinkage Machine (For Sample 10 LBS)	China	1	2004	434,943
Spray type pressure shrinkage Machine (For Sample 50 LBS)	China	1	2004	434,943
Spray type pressure shrinkage Machine M/C 100 LBS	China	4	2001	1,695,360
Bulky yarn manufacturing Machine LBS 600	China	1	2003	840,872
Bulky yarn manufacturing Machine LBS 1000	China	2	2003	2,354,441
Bulky yarn manufacturing Machine LBS 10	China	1	2004	435,021
Bulky yarn manufacturing Machine LBS 20	Taiwan	1	1996	229,798
Bulky yarn manufacturing Machine LBS 1000	Taiwan	2	2004	981,986
Bulky yarn manufacturing Machine LBS 200	Taiwan	1	1996	643,479
Bulky yarn manufacturing Machine LBS 100	Taiwan	1	1996	574,551
Bulky yarn manufacturing Machine LBS 50	Taiwan	1	1996	344,753
Hydro extractor	China	2	2002	720,680
Hydro extractor	Taiwan	2	1996	551,594
Dryer	China	3	2001	1,209,467
Water Ionic Treatment Tank	Taiwan	1	1996	1,453,299
Packing Machine	Taiwan	1	1996	344,753
Packing Machine	China	3	2003	137,597
Sample Machine	China	1	2003	905,084
Hanks heat setting Machine	Taiwan	1	1996	804,292
Sample Machine 5KG	Taiwan	1	1996	55,165
Sample Machine 15KG	Taiwan	1	1996	55,165
Sample Machine 50KG	Taiwan	1	1996	137,856
Production Machine 150KG	Taiwan	1	1996	455,083
Production Machine 300KG	Taiwan	3	1996	4,978,285
Washing Machine	China	2	2001	947,717
Total cost of Plant and Machineries				347,507,777
Generator:				
Gas Generator (560 KVA)	China	3	2000	23,355,200
Total Cost of Generator				23,355,200
Boiler:				
Boiler (10 Ton Capacity)	Germany	1	2003	4,181,728
Boiler (10 Ton Capacity)	Korea	1	2006	2,723,784
Total Cost of Boiler				6,905,512



Name of the Machineries	Country of Origin	Quantity	Year of acquisition	Total cost in Taka
Washing Machine:				
XIADY APAI Dryer	China	4	2002	1,044,480
XIADY APAI Washing Machine	China	3	2002	761,426
Hydro Extractor	China	2	2002	294,094
Total Cost of Washing Machine				2,100,000
Cleaning Machine:				
Open Circuit 12kg	Bangladesh	9	2005	5,751,000
Total cost of Cleaning Machine				5,751,000
Transformer:				
Transformer Machine	Bangladesh	2	1997	3,785,000
Total cost of Transformer				3,785,000

AUDITORS CERTIFICATE**Regarding whether the plant & machinery are brand new or reconditioned****To whom it may Concern**

This is hereby to certify that Dragon Sweater and Spinning Limited having its corporate office at 25/2, DIT Road, Malibagh Chowdhury Para, Dhaka-1219 in the rented premises. The factory premises is located at its own land at Miah Bazar, Comilla, Bangladesh is a 100% composite export oriented spinning and sweater manufacturing company and the machinery used in production plant are brand new and smoothly running the factory production.

Dated, Dhaka
December 02, 2015

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants

Ownership of Property

The Company is the legal and absolute owner of all the fixed assets and properties.

Lien status

The personal land of the directors of the Company is mortgaged to The City Bank Limited against the Corporate Mid Term Loan and outstanding loan liabilities.

The FDR of the Company is also kept as lien against various Guarantees given by the bank on behalf of DSSL. Details of which are also given below:

FDR No.	Name of the Bank	Lien Amount	Present Balance as on December 31, 2014
4712020498002	City Bank Ltd.	300,000	1,157,057
4712020500005	City Bank Ltd.	500,000	1,155,995
4712020501006	City Bank Ltd.	500,000	693,590
4712020502006	City Bank Ltd.	200,000	1,155,995
4712020486005	City Bank Ltd.	500,000	462,395
Total		2,000,000	4,625,032

TO WHOM IT MAY CONCERN

This is to certify that the Registered Office, Head Office and Factory Address of Dragon Sweater & Spinning Limited are as follows:

Registered & Head Office Address:

The Registered & Head office of the Company is situated at 25/2, DIT Road, Malibagh, Chowdhury Para, Dhaka-1219, Bangladesh in the rented premises.

Factory Address:

The factory is situated at its own land at Chandul, Miah Bazar, Comilla, Bangladesh, area of land 171 decimals at Mouza- Chandul, P.O.- Miah Bazar, Union-2 No. Uzirpur, Upazila- Chowddahgaram, District- Comilla.

Signboard:

The signboard of the Company is well displayed at the factory premises and Registered & Head Office.

Sd/-
Mamun Ahmed
Managing Director
Swadesh Investment Management Limited

**SECTION-VII : PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION****Internal and external source of cash**

The internal sources of the cash of the Company are the share capital, retained earnings and the external sources of cash are the bank loans and other payments.

(As per Audited Accounts -Amount in Taka)

Particulars	Dec- 31-2014	Dec- 31-2013	Dec-31-2012
Internal sources of Cash:			
Share Capital	600,000,000	600,000,000	287,160,000
Retained Earnings	318,640,820	204,153,222	194,244,208
Sub Total	918,640,820	804,153,222	481,404,208
External Sources of Cash:			
Long Term Loan net of Current Portion	413,777,357	457,625,658	389,474,445
Long Term Loan Current Portion	37,617,189	110,726,617	194,737,222
Sub Total	451,394,546	568,352,275	584,211,667
Grand Total	1,370,035,367	1,372,505,497	1,065,615,875

Material commitment for capital expenditure

The Company has not entered into any material Commitment for Capital expenditure for expansion of the project except for those mentioned in the “Use of IPO Proceeds” section above in this prospectus.

Causes for any material changes from period to period

(As per Audited Accounts-Amount in Taka)

Particulars	Dec- 31-2014	Dec- 31-2013	Dec-31-2012
Sales	766,817,162	758,931,300	689,434,887
Cost of goods sold	(558,661,531)	(555,591,719)	(498,006,379)
Gross profit	208,155,631	203,339,581	191,428,508
Operating expenses	(60,490,312)	(60,537,477)	(55,964,173)
Operating income	147,665,319	142,802,104	135,464,335
Financial expenses	(59,899,991)	(59,159,044)	(54,947,531)
Net Operating Income	87,765,328	83,643,060	80,516,804
Non-operating income	12,599,125	14,039,932	4,569,360
Net Profit before contribution to WPPF	100,364,453	97,682,992	85,086,164
Worker's profit participation fund (WPPF)	-	(3,983,003)	(3,883,543)
Net profit before Tax	100,364,453	93,699,989	81,202,621
Provision for taxation	(11,281,790)	(6,923,195)	(2,102,606)
Profit after tax	89,082,663	86,776,794	79,100,015

Gross profit also raised due to positive fluctuation in foreign exchange rates and emphasizing on export of high valued products, increased volume of export and prices of products. Larger exports also contributed to reduce production cost since fixed costs remain fixed.

Seasonal aspects of the company's business

In general demand for sweater prevails in whole year since the company receives export orders continuously and steadily since its inception. However, from February to October demand goes at very high level.

**Known trends, events or uncertainties**

Decreased demand of the sweater & spinning product in the local and international market, increased production cost, scarcity of raw materials, technological change, increased competition and Govt. policy change towards the industry, political unrest, hartal, and natural calamities are the known events that may affect the Company's future business.

Change in the assets of the Company used to pay off any liabilities

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

Loans taken from or given to its Holding / Parent company or Subsidiary company

The company does not have any subsidiary company or it is not operated under any holding company. As such there is no issue regarding loan.

Future Contractual Liabilities

The company neither has any future contractual liabilities nor has any plan to enter into any contractual liabilities other than normal course of business within next one year that would impact the financial fundamentals of the company.

Future Capital Expenditure

The company has no plan for capital expenditure except for those mentioned in the 'Use of Proceeds' from IPO fund.

VAT, Income Tax, Custom Duty or Other Tax Liability

- VAT:** The Company has VAT registration no.-23021009298, area code-230102 and as per government rule this sector is fully VAT exempted.
- Income Tax:** As per certificate of the Deputy Commissioner of Taxes, the Dragon Sweater & Spinning Limited having e-TIN (Tax Payers Identification Number) 180123665280 is an assessee of Tax Circle-228, Tax Zone-11, Dhaka. The assessment of the Company has been completed up to assessment year 2011-2012. Year wise income tax status of the Company for the last five year is as under:

Assessment Year	Status
2014-2015	As per certificate given by the DCT of Taxes Circle-228, Zone-11, Dhaka, the company's income tax assessment for the Assessment year 2014-2015 is under process.
2013-2014	As per certificate given by the DCT of Taxes Circle-228, Zone-11, Dhaka, the company's income tax assessment for the Assessment year 2013-2014 is under process.
2012-2013	As per certificate given by the DCT of Taxes Circle-228, Zone-11, Dhaka, the company's income tax assessment for the Assessment year 2012-2013 is under process.
2011-2012	As per certificate given by the DCT of Taxes Circle-228, Zone-11, Dhaka, the company's income tax assessment for the Assessment year 2011-2012 is completed. The DCT completed the Assessment for the Assessment year 2011-2012 under Section 83(2) /82C of ITO 1984 and issued a Demand Notice of Tk. 3,047,902/- including panel



	interest of Tk. 774,553/- against which the Company filed an Appeal to the Commissioner Appeal which is under process.
2010-2011	As per certificate given by the DCT of Taxes Circle-228, Zone-11, Dhaka, the company's income tax assessment for the Assessment year 2010-2011 is completed. The DCT completed the Assessment for the Assessment year 2010-2011 under Section 83(2) /82C of ITO 1984 and issued a Demand Notice of Tk. 1,610,224/- against which the Company filed an Appeal to the Commissioner Appeal which is under process.
2009-2010	The DCT completed the Assessment for the Assessment year 2009-2010 under Section 93/83(2) /82C of ITO 1984 and issued a Demand Notice of Tk. 1,289,124/- against which the Company filed an Appeal to the Commissioner Appeal.
2008-2009	The DCT completed the Assessment for the Assessment year 2008-2009 under Section 93/83(2) /82C of ITO 1984 and issued a Demand Notice of Tk. 1,687,080/- against which the Company filed an Appeal to the Commissioner Appeal.
2007-2008	The DCT completed the Assessment for the Assessment year 2007-2008 under Section 93/83(2) /82C of ITO 1984 and issued a Demand Notice of Tk. 1,129,116/- against which the Company filed an Appeal to the Commissioner Appeal.
2001-2002	The DCT completed the Assessment for the Assessment year 2001-2002 under Section 93/83(2) of ITO 1984 and issued a Demand Notice of Tk. 1,825,288/- against which the Company filed an Appeal to the Commissioner Appeal.

3. **Contingent Liability:** As per income tax assessment tax liabilities stood at Tk. 12,127,779 which arise from the assessment year 2001-2002, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, for the late submission of return and for interest. A provision for taxation amounting to Tk. 9,625,346 has been created for the assessment year mentioned above. An appealed to the Additional Commissioner of Taxes against those liabilities. Difference of tax assessment and tax provision is amounting to Tk. 2,502,433 which is considered as contingent tax liabilities. No provision against those liabilities has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Operating Lease during Last Five Years

The company has established its Head Office on rented accommodation. Relevant information of the operating lease agreement with the landlord is as follows:

Name of Office and Address	Area (sft.)	Rent per sft. (Tk.)	Period of Lease/Rent	Monthly Amount (Tk.)
Dragon Tower, 25/2 DIT Road, Malibagh Chowdhury Para, Dhaka-1219, Bangladesh	11,500	Tk. 10.00	3 years	Tk. 115,000.00

Land: The Company has established generator room, water tank, electric room and security room on the land of the Sponsor Director. Those lands are rented by the Company for 5 years. The details of which is given below:

Name of Factory and Address	Area (dec.)	Rent per dec. (Tk.)	Period of Lease/Rent	Monthly Amount (Tk.)
Dragon Group, Chandul, Miah Bazar, Chowddahgaram, Comilla, Bangladesh	168	Tk. 500.00	5 years	Tk. 84,000.00



Financial Lease/Loan Commitment during Last Five Years

Details of financial lease/loan commitment during last five years and way of their liquidation are given below:

Name of Bank & A/C No.	Type of loan	Amount of loan	Rate of interest	Sanction Date	Amount of installment (Monthly)	Outstanding Balance 30.09.2014
The City Bank Ltd., A/C No- 9182005375001	Corporate Mid Term loan	543,352,276	10%	December 24, 2013	10,066,056	467,043,554

Personnel related scheme

Salary/Allowance	Travelling	Bonus	WPPF (Workers Profit Participation Fund)
Basic, House Rent, Conveyance/Transport, Medical allowance	Fare and daily allowances	Paid on the basis of 1 month gross salary in total on Eid-ul-Fitr & Eid-ul-Azha	5% of net profit before tax is contributed as WPPF as per Bangladesh Labor Law, 2006

- The Company considers its human resources as the most valuable assets and the profitability of the company largely depends on the efficient & effective productivity of human resources. The Company provides facilities and incentives to motivate employees for its continued profitability and prosperity. DSSL provides remunerations to its employees including incentive bonuses, festival bonuses, medical allowances, group insurance and other perquisites.
- The company management has planned to establish Gratuity and Provident fund for the welfare of its staff & workers.

Breakdown of IPO Expenses

Detail of estimated Public Issue expenses are shown below:

Particulars	Basis of Fees	Amount in BDT (approx.)
Manager to the Issue fees		1,725,000
Manager to the Issue fees	1% of public offering, Maximum 2,000,000 (Twenty Lac)	1,500,000
VAT against Issue Management fee	15% of Issue Management fee	225,000
Fees relating to listing with the Stock Exchanges:		4,300,000
Prospectus Submission Fees to DSE & CSE	Fixed	100,000
Annual Fee for DSE & CSE	Fixed	1,000,000
Listing Fees for Stock Exchanges (DSE & CSE)	@ 0.25% on Tk. 10 Crore and 0.15% on the rest amount of paid up capital range; (minimum 50 thousand maximum Tk. 1 crore for each exchanges)	3,200,000
BSEC Fees:		610,000
Application Fee	Fixed	10,000
Consent Fee	@ 0.15% on the public offering amount	600,000
IPO Related Fees:		1,200,000
Underwriting Commission	@ 0.50% on 50% of IPO amount	1,000,000
Auditors Certification Fees	As actual	200,000



CDBL Fees and Expenses:		783,500
Security Fee	Fixed	500,000
Documentation Fee	As actual	2,500
Annual Fee	As actual	100,000
Issue fee	@.0175% of issue size+.0175% of Pre-IPO paid up capital	175,000
Connection Fee	As actual	6,000
Printing, Publication and Others:		8,981,500
Publication of prospectus	(Estimated, to be paid at actual)	600,000
Abridge Version of Prospectus and Notice in 4 daily news paper	(Estimated, to be paid at actual)	450,000
Notice for prospectus, Lottery, Refund etc .in 4 daily news paper	(Estimated, to be paid at actual)	200,000
Lottery related expenses including BUET fee	(Estimated, to be paid at actual)	800,000
Data Processing and Share Software Charge	(Estimated, to be paid at actual)	6,500,000
Courier Expenses	(Estimated, to be paid at actual)	201,500
Administrative & Stationary Expense	(Estimated, to be paid at actual)	230,000
Total		17,600,000

NB: The cost of the above mentioned IPO expenses may vary and will be adjusted accordingly.

Revaluation of Company's Assets & Summary thereof

Dragon Sweater and Spinning Limited made revaluation of its fixed assets as on 31.12.2010 by M/S K.M. Alam & Co, Chartered Accountants to arrive at a fair market value of the fixed assets for the purpose of accounting with effect from 31.12.2010. The summary of revaluation report is as under:

Sl. No.	Particulars	Asset Value before Revaluation (Tk.)	Asset Value after Revaluation (Tk.)	Revaluation Surplus (Tk.)
	1	2	3	4=3-2
01	Building	172,502,768	303,319,227	130,816,459
02	Plant & Machinery	135,021,201	355,058,022	220,036,821
03	Generator	17,111,450	20,956,716	3,845,266
04	Boiler	4,989,232	8,957,809	3,968,577
05	Washing Machine	1,785,000	1,962,642	177,642
06	Cleaning Machine	3,604,175	6,235,056	2,630,881
07	Transformer	3,406,500	4,015,128	608,628
08	Air Compressor	1,139,905	1,403,465	263,560
09	Water & Gas Installation	5,670,000	6,500,000	830,000
10	Electric Installation	2,674,102	4,041,759	1,367,657
11	Motor Vehicles	681,227	1,860,083	1,178,856
	Total	348,585,560	714,309,906	365,724,346

Particulars of the valuer and summary of report are as follows:

Name & Address	M/s K.M. Alam & Co. Chartered Accountants 80, Motijheel C/A (4 th Floor), Dhaka
Qualification	Chartered Accountants
Others major works doneby the valuer	Bangladesh Oil Mills Ltd., Organon Bangladesh Ltd., LP Gas Ltd., SAF Industries Ltd., Renwick Jaggeswar & Co., Kushtia Sugar Mills Ltd., Shampur Sugar Mills Ltd., Tabani Beverage Company Ltd., Kulna Hardboard Mills Ltd., Wood Treating Plant, Chittagong., Service Facilities Center, Tangail, Service Facilities Center, Sirajganj.
Reasons for Revaluation	The purpose of this revaluation is to determine an estimated fair market value of the assets and liabilities of Dragon Sweater & Spinning Ltd. It is our understanding that the result of our revaluation will be used for the purpose of raising fund from capital market after obtaining necessary permission of Securities & Exchange Commission.

**Transaction between Holding / Subsidiary or Associate Company**

The company does not have any subsidiary/holding or associate company. However, the following companies which are under the common directorship have made transactions during the year ended December 31, 2014 are given below:

Name of the Party	Dr. or Cr.	Nature of Transactions	Nature of Relation ship	Transactions during the Year	Outstanding as at 31 st December, 2014
Dragon Sweater BD. Ltd.	Cr.	Office Rent	Common Management	1,380,000	115,000
Total:				1,380,000	115,000

AUDITOR'S CERTIFICATE REGARDING ANY ALLOTMENT OF SHARES TO DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION FOR ANY CONSIDERATION OTHERWISE THAN FOR CASH

This is to certify that the Dragon Sweater and Spinning Limited, Dhaka bearing registration No. C-37951(2251)/99, Dated 16th June 1999 has the following capital structure as on 30 September, 2014.

Particulars	No. of Shares	Face Value (Tk.)	Amount in Taka
Authorized Capital	150,000,000	10	1,500,000,000

Issued, Subscribed and Paid up Capital:

Particulars	Date of Allotment	No. of shares issued			Amount of share capital (Taka)
		Consideration in cash	Consideration other than cash	Bonus Share	
First (subscription to the Memorandum & Articles of Association at the time of incorporation)	June 16, 1999	30,000	-	-	300,000
Second	December 29, 2010	98,000	-	-	980,000
Third	December 30, 2010	-	9,444,000	-	94,440,000
Fourth	December 28, 2011	-	-	19,144,000	191,440,000
Fifth	August 18, 2013	-	-	11,284,000	112,840,000
Sixth	December 03, 2013	17,426,000	-	-	174,260,000
Seventh	December 11, 2013	25,74,000	-	-	25,740,000
Total		20,128,000	9,444,000	30,428,000	600,000,000

The company has changed the face value of its ordinary share from Tk. 100.00 to Tk. 10.00 by passing a special resolution in its extra ordinary general meeting held on March 8, 2011 and necessary amendments in capital clause of the Memorandum and Articles of Association were made accordingly. Thus, the paid up capital of the company comes to Tk. 600,000,000.00 divided into 60,000,000 ordinary shares of Tk. 10.00 each.

Date : 08th December, 2014
Place : Dhaka

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants

**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/-

Mostafa Golam Quddus
Managing Director& Director

SECTION-VIII : INFORMATION ABOUT THE DIRECTORS AND OFFICERS**Directors of the Company**

Sl.	Name	Position	Age (Years)	Educational Qualification	Experience (Years)
1.	Mostafa Quamrus Sobhan	Chairman	34	MBA	10
2.	Mostafa Golam Quddus	Managing Director&Director	62	M. Com (Mgt.)	25
3.	Fazlutun Nessa	Director	52	B. Com	05
4.	Fauzia Quamrun Tania	Director	28	MBA	05
5.	Shafia Sobhan Chowdhury	Director	29	BBA	05
6.	Tasnia Quamrun Anika	Director	23	BBA	02

Information regarding Directors and Directorship

Sl.	Name	Position	Becoming Director for the first time	Expiration of current Term
1.	Mostafa Quamrus Sobhan	Chairman	June 16, 1999	2017
2.	Mostafa Golam Quddus	Managing Director & Director	June 16, 1999	2016
3.	Fazlutun Nessa	Director	December 26, 2011	Next AGM
4.	Fauzia Quamrun Tania	Director	December 26, 2011	Next AGM
5.	Shafia Sobhan Chowdhury	Director	December 26, 2011	Next AGM
6.	Tasnia Quamrun Anika	Director	December 26, 2011	Next AGM

Directors' involvement in other organization

Name	Position in DSSL	Directorship/Sponsorship/Ownership	Position
Mostafa Quamrus Sobhan	Chairman	Rupali Insurance Company Ltd. Dragon Sweater BD Ltd. CD Spinning Mills Ltd. CD Acrylic BD Ltd.	Director Director Director Director
Mostafa Golam Quddus	Managing Director&Director	Rupali Insurance Company Ltd. Dragon Sweater BD Ltd. CD Spinning Mills Ltd. CD Acrylic BD Ltd. Imperial Sweater BD Ltd. Perag Socks BD Ltd.	Chairman Director Director Director Director Director



Fazlutun Nessa	Director	Rupali Insurance Company Ltd. Perag Socks BD Ltd.	Director Director
Fauzia Quamrun Tania	Director	Rupali Insurance Company Ltd. Imperial Sweater BD Ltd. Sonali Life Insurance Company Ltd	Director Director Director
Shafia Sobhan Chowdhury	Director	Rupali Insurance Company Ltd. Sonali Life Insurance Company Ltd	Director Director
Tasnia Quamrun Anika	Director	Sonali Life Insurance Company Ltd	Director

Family relationship among directors and top five officials

Name of the Officer	Position in the Company	Relationship
Mostafa Golam Quddus	Managing Director& Director	Father of Chairman
Fauzia Quamrun Tania	Director (Operation)	Sister of Chairman
Mir Rashed Bin Aman	Director (Overseas Sourcing)	Husband of Fauzia Quamrun Tania
Mir Khaled Bin Aman	Director (Marketing)	Brother in Law of Fauzia Quamrun Tania
Shahnawaz Ahmed Khan	Company Secretary	No relation

Family relationship among the directors

Name of the Director	Position in the Company	Relationship
Mostafa Quamrus Sobhan	Chairman	Self
Mostafa Golam Quddus	Managing Director& Director	Father of Chairman
Fazlutun Nessa	Director	Mother of Chairman
Fauzia Quamrun Tania	Director	Sister of Chairman
Shafia Sobhan Chowdhury	Director	Wife of Chairman
Tasnia Quamrun Anika	Director	Sister of Chairman

Short bio-data of the directors

Mostafa Quamrus Sobhan, Chairman:

Mostafa Quamrus Sobhan, aged 34 years, is the Chairman of the Company. Also son of Mostafa Golam Quddus, the Managing Director & Director of the Company. He has completed his Bachelor in Business Administration from the Nottingham Trent University of UK and Masters in Business Administration from the Maryland University. He manages project budgets, monitors the expenditure and costs against delivered and realized benefits as the project progresses. He has effective export management skill to achieve growth targets in sales activity and expanding sales to different countries around the world and in existing markets. He supports sales and marketing campaigns and contributes to the development of propositions. He ensures effective management and led many business delegations in abroad such as UK, EU Countries, USA, Canada, Hong Kong, China and Australia and also kept himself involved in series of social welfare activities specially in his home town Comilla.

Mostafa Golam Quddus, Managing Director & Director:

Mr. Mostafa Golam Quddus, aged 62, is the Managing Director and Director of the Company. He has completed M. Com. in Management and has been served in Police department from 1st January 1971 to 1985 and resigned from service in 1985 from the position of senior ASP. He is a former president of Bangladesh Garments Manufacturer and Exporter Association (BGMEA) and member of Geneva Convention Child Labor Committee. Mr. Quddus is widely known as the pioneer of sweater industry in Bangladesh. He is also the Chairman and key sponsor of Rupali Insurance Company Limited. During his long business experience of 25 years he has gathered vast knowledge in modern method



and technology in production, marketing, and management of textile and knitting industries. He has travelled many countries of the world such as USA, Japan, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore, and Canada for the purpose of the business and to enrich his knowledge and experience during the period mentioned. He is also associated with a number of different social welfare organizations as a part of social responsibility.

Fauzia Quamrun Tania, Director:

Mrs. Fauzia Quamrun Tania, aged 28, is a Director of the Company is also daughter of Mostafa Golan Quddus, the Managing Director & Director of the Company. After completion of her B.Sc, Hons/MA in Business Management and Applied Mathematics from University of Glasgow, UK, she has engaged herself in the Operational side of the Business. Mrs. Tania had taken 4 years extensive training in the field of Sweaters as an employee in the business and then has been designated as the Director (Operations) of the Company acquiring vast experience and knowledge from the interaction between International Buyers and Local Associates. She has travelled many countries to enrich her knowledge and experience. She believes that Dedication and Perseverance are the true key factors to success and is very sincere and eager to know about technical aspect of making sweaters and keenly interested in the methodology and operational strategies involved in the work.

Mrs. Fazlutun Nessa, Director:

Mrs. Fazlutun Nessa aged 52, Director of the Company, is a successful business entrepreneur with extensive experience and management skills. Mrs. Nessa has completed her Bachelors in Arts from Chittagong University (1989). She has been running one of the first retail socks companies of Bangladesh established in the year 1990 which develops and sells international standard quality socks in its own 10 shops around the Country. She has managed to expand her business by introducing new outlets and at the same time maintaining the high quality standard in all her products. She has been an active member of BGMEA and stands as a Vice Chairman of Women's Affairs Committee of BGMEA. Besides being a successful entrepreneur she is also a wonderful mother of three established children. She has travelled many countries of the world such as USA, Japan, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore, and Canada for the purpose of the business and to enrich her knowledge and experienceduringtheperiod mentioned.

Tasnia Quamrun Anika, Director:

Tasnia Quamrun Anika, aged 23, is the youngest Director of Dragon Sweater and Spinning Limited. She is very much eager to know the technical details of the spinning company and very much interested in the processing, marketing and general administration activities of the Company. Although very young, she has always been a meritorious student and she has finished her schooling from Fern Hill School in Glasgow and completed her under graduation (BBA) from North South University, Dhaka. She has travelled around the world such as USA, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore, and Canada and is up to date with the modern technology that the Market is demanding for. Miss Tasnia always found very sincere, quite, hardworking and will definitely keep her mark of perseverance in her field of work in the forthcoming future. Miss Tasnia is also the Director of Perag Socks Industries Limited.

Shafia Sobhan Chowdhury, Director:

Mrs. Shafia Sobhan is a business graduate and upon finishing her graduation she joined Oxford International School as an intern teacher. Other than her involvement in Dragon Sweater and Spinning Limited as Director, she also became a newly appointed Director of Perag Socks Industries Limited and CD Spinning Mills Limited. She has travelled many countries of the world such as USA, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore, and Canada for the purpose of the business and enriched her knowledge and experience which make her young, dynamic, self-motivated and hardworking individual. Mrs. Shafia has depth of understanding in emerging business in the information technology has made herself busy for the promotion and development of the Company. International traveling, excellent decision making ability has made herself as one of the successful entrepreneurs in the family.

**Credit information Bureau (CIB) Status**

Neither Dragon Sweater and Spinning Limited 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.

Descriptions of Top Executives & Departmental Heads of the Company

Name of the Officers	Designation	Educational Qualification	Date of Joining	Last 5 Years Experience
Mostafa Golam Quddus	Managing Director & Director	M. Com (Mgt.)	16 th June 1999	DSSL
Fauzia Quamrun Tania	Director (Operation)	MBA	1 st October 1996	DSSL
Mir Rashed Bin Aman	Director (Overseas Sourcing)	MBA	1 st October 1996	DSSL
Mir Khaled Bin Aman	Director (Marketing)	MBA	1 st October 1996	DSSL
P. K. Roy	Advisor	FCS, FCA	7 th January 1999	DSSL Rupali Ins. Co.
A.N.M. Nurul Wahab	Consultant	FCMA, FCPA, FCA,	1 st November 09	DSSL A.WAHAB & CO. Chartered Accountants
Shahnawaz Ahmed Khan	Company Secretary	C.A.CC, MBA	1 st November 08	DSSL A.WAHAB & CO. Chartered Accountants
Md. Shah Alam Sarker	General Manager (Planning & Production)	B. A	1 st July' 2001	DSSL
Md. Mostafa Kamal	Deputy General Manager (Production & Quality)	B. A	7 th May 2006	DSSL
S. M. Shorab Hossain Likhon	Deputy General Manager (Production)	B. A	1 st August 2001	DSSL
Ashish Kumar Chowdhury	CFO	C.A.CC, M. Com	15 th June 2011	DSSL
Shomitra Das	Manager (IT)	CSE, MBA	27 th February 05	DSSL
Rakesh Choudhary	Manager Quality	B.Sc. (Engineer)	23 rd February 11	DSSL
Farhana Rahman	Manager H.R	MBS	1 st September' 10	DSSL
Zaki Al Hasan	Manager Merchandising	M. Com	6 th May 2005	DSSL
Fazlul Karim	Manager Commercial	M. Com	18 th March 2008	DSSL

Involvement of Directors and officers in certain legal proceedings

No Director or officer of Dragon Sweater and Spinning Limited was involved in any of the following types of legal proceedings in the last 10 (ten) years:

- Any bankruptcy petition filed by or against any company of which any officer or director of the Issuer Company filing the prospectus was a director, officer or partner at the time of the bankruptcy.
- Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.
- Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
- 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, securities or banking activities.

Mentionable here: It may be mentioned here that Dragon Sweater & Spinning Limited has submitted deeds of land properties purchased by them. Instead of the word share, it mentioned cash transactions in the deed. The BSEC asked for an amendment of the said deed mentioning the word share instead of cash, DSSL submitted an amendment which was again found in-correct. For that the BSEC imposed penalty of Tk. 5 lac on DSSL on 11th September'2014 vide letter no. SEC/Enforcement/2110/2014/606. The said amendment was thereafter made correctly by the DSSL



and submitted to the BSEC including payment of Tk. 5 lac which was imposed on DSSL as penalty. An amount of Tk. 5 lac was also penalized on the Issue Manager First Security Services Limited and suspended for one year. DSSL immediately changed their Issue Manager and appointed Swadesh Investment Management Limited as their Issue Manager.

Certain Relationships and Related Transactions

Certain relationships and related transactions

The auditor has certified that following related party transactions was made in accordance with BAS-24 in their audit report (Note 32.00 & 31.08 a) which is as follows:

A. Transaction with Key Management Personnel of the entity:

Sl No.	Particulars	Value in Tk. As on December 31, 2014	Value in Tk. As on December 31, 2013
(a)	Managerial Remuneration paid or payable during the year to the directors, including managing directors or manager*	2,904,000	2,904,000
(b)	Any other perquisite or benefits in cash or in kind stating approximate money value where applicable.	19,200	21,000
(c)	Other allowances and commission including guarantee commission	-	-
(d)	Pensions etc.		
	(i) Pensions	-	-
	(ii) Gratuities	-	-
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	-	-
(e)	Share Based payments	-	-

* The remuneration of Mir Rashed Bin Aman and Mir Khaled Bin Aman have been included in this area because they have been considered as manager.

B. Transaction with Related Party

Name of the Party	Dr. or Cr.	Nature of Transactions	Nature of Relationship	Transaction Value in Taka	
				31 Dec. 2014	31 Dec. 2013
Dragon Sweater BD. Ltd.	Dr.	Subcontract	Common Management	138,809,780	181,403,175
Imperial Sweater BD Ltd.	Dr.	Subcontract	Common Management	81,017,241	108,222,454
Total				219,827,021	289,625,629

Name of the Party	Dr. or Cr.	Nature of Transactions	Nature of Relation ship	Transactions during the Year	Outstanding as at 31st December, 2014
Dragon Sweater BD. Ltd.	Cr.	Office Rent	Common Management	1,380,000	115,000
Total:				1,380,000	115,000

Name of Board of Directors	Position	Meeting Attending Fees	Salary & Benefits	Factory Rent	Amount in Taka
Mostafa Quamrus Sobhan	Chairman	3,600	240,000	-	243,600
Mostafa Golam Quddus	Managing Director & Director	3,000	264,000	504,000	771,000
Fazlutun Nessa	Director	2,400	-	-	2,400
Fauzia Quamrun Tania	Director	3,600	720,000	-	723,600
Tasnia Quamrun Anika	Director	3,000	-	-	3,000
Shafia Sobhan Chowdhury	Director	3,600	-	-	3,600
Total		19,200	1,224,000	504,000	1,747,200



The Company has neither entered into during the last 2 (two) years nor have any plan to enter into any transaction with the following parties:

- Any Director or Executive officer of the issuer.
- Any director or officer.
- Any person owning 5% or more of the outstanding share of the issuer.
- Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.
- 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.
- 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.
- Remuneration and Board meeting fees enjoyed by the Directors
- There were no facilities whether pecuniary or non-pecuniary enjoyed by the Directors except remuneration and board meeting fees as mentioned above.

The information is already included in directors' and officers' part of the prospectus.

Executive Compensation

a. Remuneration paid to top five salaried officers in the last accounting year:

Sl. no.	Name	Designation	Year ended December 31, 2014	Year ended December 31, 2013
01.	Mir Rashed Bin Aman	Director (Overseas Sourcing)	840,000	840,000
02.	Mir Khaled Bin Aman	Director (Marketing)	840,000	840,000
03.	Md. Mostafa Kamal	General Manager (Production & Quality)	792,000	792,000
04.	Fauzia Quamrun Tania	Director (Operation)	720,000	720,000
05.	S. M. Shorab Hossain Likhon	Deputy General Manager (Production)	720,000	720,000
06.	Shomitra Das	Manager (IT)	720,000	720,000

b. Aggregate amount of remuneration paid to Directors & Employees

(As per Audited A/C)

Sl. No.	Particulars	Remuneration & Salary	
		Year ended Dec-31-2014	Year ended Dec-31-2013
01.	Director's fees & Remuneration	1,243,200	1,245,000
02.	Aggregate Salary and Welfare paid to Officer and Employees:		
	Salary and wages (Factory)	33,362,220	30,692,707
	Salary and wages (Administration)	21,686,292	22,013,322
	Salary and welfare (Distribution and Selling)	2,139,708	2,520,678
	Total	58,431,420	56,471,707

- Except the above Company did not pay any remuneration to any director who was not an officer of the company during the last accounting year.
- The Company has no contract with any director/officer for providing the payment of future compensation.



- e. The Company does not have any plan to substantially increase remuneration to Officers/Directors except normal & additional annual increments/awards of salaries/allowances in line with the performance achieved by individuals.

Options Granted to Directors, Officers and Employees

The Company did not grant any option to any director, officer and other employees of the company or to any other person not involved with the Company.

Transaction with the Directors and Subscribers to the Memorandum

- a) The Directors and subscribers to the Memorandum of the Company have not received any benefits from the company other than remunerations, board meeting fees and factory lease rent paid to them as officers and dividends declared in AGMs as disclosed in the executive compensation part of the prospectus.
- b) Directors and subscribers to the memorandum have not transferred any asset to the Company except Mr. Mostafa Quamrus Sobhan and Fauzia Quamrun Tania sold their 171 decimals of land to the Company for Tk. 94,440,000 based on the prevailing market price as on 26th December 2010 through registered deeds.

The company acquired 133 decimal land from Mr. Mostafa Quamrus Sobhan for Tk. 7,73,40,000.00 and 38 decimal from Mrs. Fauzia Quamrun Tania for Tk. 1,71,00,000.00 dated 23-12-2010 respectively. Mr. Mostafa Quamrus Sobhan acquired the land within 2 years from the date of sale of the land dated 26-12-2010 to the company and his date of acquisition including the registration deed value are given below as per the provision of the rule 8.B.(13)(b) of 'Securities and Exchange Commission (Public Issue) Rules, 2006 the information regarding 'Transaction with the Directors and Subscribers to the Memorandum' particularly acquiring land from its shareholders/directors.

Date of registration	R.S Dag No.	Decimal	Registration deed value in BDT
26-05-2010	431	46	520,000.00
10-05-2009	432	80	902,000.00
12-05-2009	433	09	102,000.00
12-10-2009	448	32	370,000.00
Total		205	1,894,000.00



Tangible Assets per Share

Auditors' Certificate on Net Tangible Assets Value per Share

"We have examined the calculation of **Net Tangible Asset per share** of the Company as of December 31, 2014 which has been prepared by the management of Dragon Sweater & Spinning Limited. The preparation of the aforesaid calculation of Net Tangible Asset per share is the responsibility of the company's Management. Our responsibility is to review it and give opinion as to whether it has been properly prepared using acceptable principles and on the basis of Audited Financial Statements for the year ended December 31, 2014."

Based on our review, we hereby certify that the Company has properly prepared the calculation of Net Tangible Asset per share using acceptable principles and on the basis of Audited Financial Statements for the year ended December 31, 2014 as below:

Particulars	Note	31.12.2014
		Taka
Assets:		
Non-Current Assets:		
Property, plant & equipment		561,663,206
Capital Works-in-Progress		41,827,868
Total non-current assets	A	603,491,074
Current assets:		
Short-Term Investment in FDR		4,625,032
Inventories		204,386,632
Bills Receivable		573,779,387
Advance, Deposit & Pre-payment		38,794,057
Cash and Cash Equivalents		190,644,226
Total current assets	B	1,012,229,333
Total Tangible Assets	C=(A+B)	1,615,720,408
Equity and liabilities:		
Non-current liabilities:		
Long-term loan net of current portion		413,777,357
Total non-current liabilities	D	413,777,357
Current liabilities:		
Bills Payable		6,307,567
Liabilities for Expenses		6,151,431
Long Term Loan Current Portion		37,617,189
Provision for Income Tax		33,481,584
Total current liabilities	E	83,557,771
Total liabilities	F=(D+E)	497,335,128
Net Tangible Assets including Revaluation Reserve	G=(C-F)	1,118,385,280
Revaluation Reserve	H	208,854,009
Net Tangible Assets without considering Revaluation Reserve	I=(G-H)	909,531,271
Number of shares	J	60,000,000
Net tangible assets value per share (share of Tk. 10 each) including Revaluation Reserve	K=G/J	18.63
Net tangible assets value per share (share of Tk. 10 each) without considering Revaluation Reserve	L=I/J	15.15

Date : April 15, 2015
Place : Dhaka

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants



Ownership of the Company's Securities

As on December 31, 2014

Sl.	Name of Shareholders	Address	Position	No. of Shares held	(%)
1	Mostafa Golam Quddus	House-20, Road-43, Gulshan-02, Dhaka-1212	MD & Director	2,235,687	3.73%
2	Mostafa Quamrus Sobhan		Chairman	24,365,358	40.61%
3	Fazlutun Nessa		Director	2,163,477	3.61%
4	Fauzia Quamrun Tania		Director	7,166,736	11.94%
5	Tasnia Quamrun Anika		Director	2,013,477	3.36%
6	Shafia Sobhan Chowdhury		Director	2,163,477	3.61%
7	CD Spinning Mills Ltd.	25/2, DIT Road, Malibagh Chowdhury para, Dhaka-1215	Shareholder	20,894	0.03%
8	CD Acrylic BD Ltd.	25/2, DIT Road, Malibagh Chowdhury para, Dhaka-1215	Shareholder	20,894	0.03%
9	Muzaffar Ahmed	180/2 North Shahjahanpur, Dhaka-1217	Shareholder	50,000	0.08%
10	Sadia Akhter	House-15, Road-3, Cantonment R/A, Dhaka	Shareholder	200,000	0.33%
11	Nasima Ferdous	House-18, Road-3, Cantonment R/A, Dhaka	Shareholder	200,000	0.33%
12	ASM Shahedul Huque Bulbul	House-18, Road-3, Cantonment R/A, Dhaka	Shareholder	200,000	0.33%
13	Tanzila Ferdous	House-18, Road-3, Cantonment R/A, Dhaka	Shareholder	200,000	0.33%
14	Mohammad Zahir	House-808, Road-24, Block-F, Basundhara, Dhaka-1229	Shareholder	100,000	0.17%
15	Zaed Bin Zahir	House-808, Road-24, Block-F, Basundhara, Dhaka-1229	Shareholder	100,000	0.17%
16	Fahmida Kamal	DOM-INNO VENTOSO, Flat-C3, &/B, Shiddeshwari Lane, Dhaka-1217	Shareholder	100,000	0.17%
17	IPE Capital Limited	House no-09, Road-25/A, Block-A, Banani, Dhaka-1213	Shareholder	50,000	0.08%
18	Heritage Capital Management Limited	Flat-A5, House no.289-291, Road-8/A, Dhanmondi, Dhaka-1205	Shareholder	50,000	0.08%
19	Pandemic Fisheries Limited	5/4 (B), Block-A, Lalmatia, Mohammadpur, Dhaka-1207	Shareholder	2,000,000	3.33%
20	Pandemic Trade International	House-169, Shahjahan road, Mohammadpur, Dhaka-1207	Shareholder	2,000,000	3.33%
21	Dr. Tamanna Mostafiz	3/7, Block-F, Lalmatia, Mohammadpur, Dhaka-1207	Shareholder	2,000,000	3.33%
22	A.K.M Sajedur Rahman	3/7, Block-F, Lalmatia, Mohammadpur, Dhaka-1207	Shareholder	2,000,000	3.33%
23	First Securities Services Limited	Suite-G-702-703, Al Rai Complex, 166-167 Shaheed Syed Nazrul Islam Sarani, Dhaka-1000	Shareholder	1,000,000	1.67%
24	Md. Ashraful Haque	House-18, Road-3, Cantonment R/A, Dhaka	Shareholder	200,000	0.33%
25	M. Shefaque Ahmed	Apt-B-4, House-20, Road-66, Gulshan-2, Dhaka-1212	Shareholder	1,000,000	1.67%
26	Molla Abdul Hakim	57, Shiddeshwari road, Dhaka	Shareholder	100,000	0.17%
27	Farid Ahmed	Flat-B-7, Firoza Rose, 12 Eskaton, Dhaka	Shareholder	100,000	0.17%
28	Md. Ziaul Hossain	Flat-FG-3, Rajonigondha Karabi, 80 West Dhanmondi, Dhaka-1205	Shareholder	100,000	0.17%
29	Dragon Information Technology and Communication Limited	25/2, DIT Road, Malibagh Chowdhury Para, Dhaka-1215	Shareholder	2,700,000	4.50%
30	A.K. Mustafizur Rahman	3/7, Block-F, Lalmatia, Mohammadpur, Dhaka-1207	Shareholder	2,000,000	3.33%
31	Md. Al-Amin Khan	House # 14, Ward #1, Block-C, Road #3, Siddirgonj, Narayanganj	Shareholder	133,000	0.22%
32	Fortune Wealth Management Limited	41/1, Segun Bagicha (2nd Floor), Dhaka	Shareholder	67,000	0.11%
33	Md. Raihan Ahmed	House # 15, Road #10, Block-B, Section-13, Mirpur, Dhaka	Shareholder	10,000	0.02%
34	Md. Mustafizur Rahman	62/6, Purana Paltan, Dhaka	Shareholder	40,000	0.07%
35	S.M. Iftekhhar Imam	D-125 (3rd Floor), Road # 5, Mohanagor Project, West Rampura, Dhaka	Shareholder	70,000	0.12%
36	Md. Arifur Rahman	609/C, Khilgoan, (2nd Floor), Dhaka	Shareholder	80,000	0.13%
37	Sonali Life Insurance Company Limited	Rupali Bhaban, 7 Rajuk Avenue, Motijheel, Dhaka-1000	Shareholder	2,000,000	3.33%
38	Mrs. Hoda Ali Selim	1858 Sarder Ali Road, Mosque Goli, Chapilish, Chittagong	Shareholder	1,000,000	1.67%
Total				60,000,000	100%

**Securities Owned by Each Director**

Sl. No.	Name of Shareholders	Position	No. of Share held	Percentage (%)
1	Mostafa Quamrus Sobhan	Chairman	24,365,358	40.61%
2	Mostafa Golam Quddus	Managing Director & Director	2,235,687	3.73%
3	Fazlutun Nessa	Director	2,163,477	3.61%
4	Fauzia Quamrun Tania	Director	7,166,736	11.94%
5	Tasnia Quamrun Anika	Director	2,013,477	3.36%
6	Shafia Sobhan Chowdhury	Director	2,163,477	3.61%
Total			40,108,212	66.85%

Shareholder holding more than 5%

Sl. No.	Name of Shareholders	Position	No. of Share held	Percentage (%)
1	Mostafa Quamrus Sobhan	Chairman	24,365,358	40.61%
2	Fauzia Quamrun Tania	Director	7,166,736	11.94%

Except for the above list there is no shareholder or director who holds 5% or more of the ordinary shares of the company's paid up capital.

Post IPO Shareholding by the Sponsors/Directors

Details	No of Shares	Amount (Tk.)
Post IPO Share Capital	100,000,000	1,000,000,000

Sl. No.	Name of Shareholders	Position	No. of Share held	Percentage (%)
1	Mostafa Quamrus Sobhan	Chairman	24,365,358	24.37%
2	Mostafa Golam Quddus	Managing Director & Director	2,235,687	2.24%
3	Fazlutun Nessa	Director	2,163,477	2.16%
4	Fauzia Quamrun Tania	Director	7,166,736	7.17%
5	Tasnia Quamrun Anika	Director	2,013,477	2.01%
6	Shafia Sobhan Chowdhury	Director	2,163,477	2.16%
Total			40,108,212	40.11%

NB: Post IPO capital structure of the Sponsors/Directors complies with the requirements as imposed by the Bangladesh Securities and Exchange Commission vide Notification No. SEC/CMRRCD/2009-193/119/Admin/34, dated November 22, 2011.

Securities owned by the officers

Mr. Mostafa Golam Quddus and Fauzia Quamrun Tania hold shares of the company's paid up capital. Apart from them no employees of the company holds any shares of the company.

Sl.	Name	Position	No of Shares held
1.	Mostafa Golam Quddus	Managing Director & Director	2,235,687
2.	Fauzia Quamrun Tania	Director (Operation)	7,166,736

**SECTION-IX : FEATURES OF IPO****Determination of Offering Price**

Dragon Sweater and Spinning Limited is a leading textile company of Bangladesh. The Company is enjoying high growth in revenue, net profit and net assets since it started its commercial operation. The Net Asset Value (NAV) and Earning-Based Value (EBV) may be used in determining the IPO price of the shares of the Company. Net Asset Value (NAV) gives asset-backing to the shares of the Company. Earnings Per Share (EPS) indicates profitability against shares of the Company. Earnings-based Value and Book Value-based Value of similar stocks have been taken to estimate a theoretical fair price, considering market demand for the shares of the Company.

	Particulars	Amount in Tk.
Method-1	Net Tangible Asset Value per share considering revaluation reserve 1-(A)	18.79
	Net Tangible Asset Value per share without considering revaluation reserve 1-(B)	15.31
Method-2	Historical earning based value per share	16.09

Method-1: Net Tangible Assets Value per share

(as per audited accounts 31 December, 2014)

Particulars	Amount in Taka
Share Capital	600,000,000
Retained Earnings	318,640,820
Revaluation Reserve	208,854,009
Total Shareholders' Equity (With Revaluation Reserve)	1,127,494,829
Total Shareholders' Equity (Without Revaluation Reserve)	918,640,820
Total Number of Ordinary Share	60,000,000
a) Net assets Value (NAV) at BDT 10.00 per share with Revaluation Reserve (A)	18.79
b) Net assets Value (NAV) at BDT 10.00 per share without Revaluation Reserve (B)	15.31

Method-2: Earning Based Value per Share based on average Market P/E

Average Price Earnings of Market & Sectoral		
Month	Sectoral	Market
Jun-15	11.90	15.90
Jul-15	12.31	16.71
Aug-15	12.09	16.44
Average	12.10	16.35
Considering Lesser P/E of 12.10 & 16.35 is 12.10		

Source: DSE Monthly Review.

Year	No. of shares	Net profit after Tax	Weighted average no. of shares	Weighted average net profit after tax
31-Dec-14	60,000,000	89,082,663	0.32	28,582,061
31-Dec-13	60,000,000	86,776,795	0.32	27,842,226
31-Dec-12	28,716,000	80,187,014	0.15	12,313,375
31-Dec-11	28,716,000	63,627,587	0.15	9,770,539
31-Dec-10	9,572,000	25,137,875	0.05	1,286,709
Total	187,004,000		1.00	79,794,910
Total number of shares before IPO				60,000,000
EPS based on weighted average net profit after tax				1.33
3 Months average P/E (Lesser of 12.10 & 16.35)				12.10
Earnings based Value per share based on overall Market P/E				16.09

If we consider the share price on the basis of average market P/E ratio (price/earnings multiple) of 12.10, the earning-based value of shares of the Company at a weighted average EPS of **Tk.1.33** stands at **Tk. 16.09** (EPS Tk. 1.33* P/E Ratio 12.10).

Based on the forgoing, the fair value of the share of the Company ranges between **Tk. 15.31** and **Tk. 18.79**; but **the Company is offering its IPO offer price at Tk. 10.00 per share at par** considering present market scenario.



Market for the Securities Being Offered

The issuer shall apply to all the stock exchanges in Bangladesh within 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



**Chittagong Stock Exchange Limited
(CSE)**
CSE Building, 1080 Sk. Mujib Road,
Agrabad C/A, Chittagong

Within 7 (Seven) working days from the date of consent accorded by the Commission to issue prospectus.

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 exchange(s), or from the date of expiry of the said 75 days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the Company's 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 Securities and Exchange Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.

Trading and Settlement

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

The issue shall be in "N" Category with DSE and CSE

**Description of Securities outstanding or being offered****a) Dividend, Voting and Preemption Rights**

In case of any declaration of cash/stock dividend by the Company or distribution of any property of the Company, all the shareholders shall be entitled to it in proportion to their shareholdings on the date of the book closure or record date for the purpose. The Company will follow a dividend policy, which will allow it to provide a fair return on its shareholders' investment and simultaneously allow for building up of the retained earnings and reserves as a rule that would sustain growth of the Company. 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. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors and Auditor(s) and other usual agenda of General Meeting – Ordinary or Extra ordinary. On a show of hand, every shareholder present in person 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 or her. In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Rights Issue of shares in terms of the guidelines issued by the Securities and Exchange Commission from time to time.

b) Conversion and Liquidation Rights

The Company in its General Meeting may convert paid-up shares to any denomination. No special preferences or privileges shall be attached to this conversion. If the company at any time issues Preference Shares or Debentures or Bonds with the consent of BSEC, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company. In case of winding-up or liquidation of the Company, all shareholders have the same privileges and advantages as ordinary shareholder as regards participation in profits and voting at meetings of the Company.

c) Right for Transfer

In terms of the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee other than Government duties for registering transfer of shares. No shares shall be transferred to an infant or a person of unsound mind.

d) Dividend Policy

- I. The profits of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid -up on the shares held by them respectively.
- II. No larger dividend shall be declared than is recommended by the directors, but the Company in its General meeting may declare a smaller dividend. If preference share dividend is not paid in one year, such unpaid dividend shall be carried forward to the next year or years; and become cumulative.
- III. The declaration of directors as to the amount of net profit of the company shall be conclusive.
- IV. No dividends shall be paid otherwise than out of the profits of the year or any other undistributed profits and general reserves. Dividend shall not carry interest as against the Company.
- V. The Directors may from time to time pay off the members such interim dividend as appear to the Directors to be justified by the profits of the Company.
- VI. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.
- VII. There is no limitation on the payment of dividends to the common stockholders.

**e) Other Rights of Shareholders**

The shareholders shall have the right to receive all periodic reports and statements, audited as well as unaudited, published by the company from time to time. The directors shall present the financial statements as required under the law and International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh. Financial statements will be prepared in accordance with International Financial Reporting/Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and international Financial Reporting/Accounting Standard to the shareholders regarding the Financial and operational position of the company.

In case of any declaration of stock dividend through issue of Bonus Shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure or record date 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 make requisition of Extra-Ordinary General Meeting (EGM) of the Company as provided under Section 84 of the Companies Act, 1994.

Debt Securities

DSSL has not issued or is planning to issue within six months any debt securities.

SECTION-X : PLAN OF DISTRIBUTION**Underwriting of Shares & Underwriters Obligation**

Initial public Offering (IPO) is for 40,000,000 ordinary shares of Tk. 10.00 each at par totaling to Tk.400,000,000.00. As per Bangladesh Securities and Exchange Commission's guideline 50% of the Public issue has to be underwritten on a firm commitment basis by the following Underwriters for the IPO of Dragon Sweater and Spinning Limited:

Sl. No.	Name of Underwriter	Number of Share	Amount in Tk.
1.	Continental Insurance Limited	3,000,000	30,000,000.00
2.	Crystal Insurance Company Limited	3,000,000	30,000,000.00
3.	Karnaphuli Insurance Company Limited	1,500,000	15,000,000.00
4.	Meghna Life Insurance Co. Ltd	1,500,000	15,000,000.00
5.	Rupali Life Insurance Co. Limited	3,000,000	30,000,000.00
6.	Sonali Investment Limited	3,000,000	30,000,000.00
7.	Swadesh Investment Management Limited	2,000,000	20,000,000.00
8.	Uttara Finance and Investment Ltd.	3,000,000	30,000,000.00
	Total	20,000,000	200,000,000.00



Principal Terms and Conditions of Underwriting Agreement

1. 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.
2. 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.
3. 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.
4. 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.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed on them.

Commission for the Underwriters

The company shall pay to the underwriter an underwriting commission at the rate **of 0.50%** of **50%** of the IPO amount (i.e. Tk. **200,000,000**) of the issue value of shares underwritten by them out of the Public Issue.

Relationship of Officers or Directors of the underwriters acting as director of the company

No officer or Director of the underwriters is presently engaged as the Director of the Company.

**SECTION-XI : ALLOTMENT, SUBSCRIPTION AND MARKET****Lock-in Provision**

All issued shares of the issuer at the time of according consent to public offering 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, who have subscribed to the shares of the Company within immediately preceding 2 (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.

A. Directors, Sponsors and Shareholders holding 5% and above

Sl. No.	Name	Position	No. of Shares held	% of Ownership	Subscription Date	Lock-in period*	BO ID
1	Mostafa Quamurs Sobhan	Chairman	24,365,358	40.61%	16-Jun-99	3 years	1203520008260461 1203710008260461
2	Mostafa Golam Quddus	Managing Director & Director	2,235,687	3.73%	16-Jun-99	3 years	1203710015607783
3	Fauzia Quamrun Tania	Director	2,163,477	3.61%	29-Dec-10	3 years	1203710018181821 1202370018181821
4	Fazlutun Nessa	Director	7,166,736	11.94%	29-Dec-10	3 years	1203710019157647 1202370019157647
5	Tasnia Quamrun Anika	Director	2,013,477	3.36%	29-Dec-10	3 years	1203710018182992
6	Shafia Sobhan Chowdhury	Director	2,163,477	3.61%	29-Dec-10	3 years	1203710040903803
Sub Total (A)			40,108,212	66.85%			

B. Shareholders holding below 5%

Sl.	Name	Position	No. of Shares held	% of Ownership	Subscription Date	Lock-in period*	BO ID
1	CD Spinning Mills Ltd.	Shareholder	20,894	0.03%	29-Dec-10	3 years	1605760059771088
2	CD Acrylic BD Ltd.	Shareholder	20,894	0.03%	29-Dec-10	3 years	1605760059771101
3	Muzaffar Ahmed	Shareholder	50,000	0.08%	29-Dec-10	3 years	1201910000053620
4	Sadia Akhter	Shareholder	200,000	0.33%	29-Dec-10	3 years	1202750005673817
5	Nasima Ferdous	Shareholder	200,000	0.33%	29-Dec-10	3 years	1202750008079221
6	ASM Shahedul Huque Bulbul	Shareholder	200,000	0.33%	29-Dec-10	3 years	1202750015239391
7	Tanzila Ferdous	Shareholder	200,000	0.33%	29-Dec-10	3 years	1202750023247437
8	Mohammad Zahir	Shareholder	100,000	0.17%	29-Dec-10	3 years	1202270039999180



9	Zaed Bin Zahir	Shareholder	100,000	0.17%	29-Dec-10	3 years	1202270034098930
10	Fahmida Kamal	Shareholder	100,000	0.17%	29-Dec-10	3 years	1204280016414441
11	IPE Capital Limited	Shareholder	50,000	0.08%	29-Dec-10	3 years	1605760058640897
12	Heritage Capital Management Limited	Shareholder	50,000	0.08%	29-Dec-10	3 years	1204030048274120
13	Pandemic Fisheries Limited	Shareholder	2,000,000	3.33%	29-Dec-10	3 years	1605760058640550
14	Pandemic Trade International	Shareholder	2,000,000	3.33%	29-Dec-10	3 years	1605760058640870
15	Dr. Tamanna Mostafiz	Shareholder	2,000,000	3.33%	29-Dec-10	3 years	1605760058639470
16	A.K.M Sajedur Rahman	Shareholder	2,000,000	3.33%	29-Dec-10	3 years	1605760058639759
17	First Securities Services Limited	Shareholder	1,000,000	1.67%	29-Dec-10	3 years	1203850055808901
18	Md. Ashraful Haque	Shareholder	200,000	0.33%	29-Dec-10	3 years	1202930004236004
19	M. Shefaque Ahmed	Shareholder	1,000,000	1.67%	29-Dec-10	3 years	1201710000076314
20	Molla Abdul Hakim	Shareholder	100,000	0.17%	29-Dec-10	3 years	1205590049968782
21	Farid Ahmed	Shareholder	100,000	0.17%	29-Dec-10	3 years	1202830016614018
22	Md. Ziaul Hossain	Shareholder	100,000	0.17%	29-Dec-10	3 years	1202830018684288
23	Dragon Information Technology and Communication Limited	Shareholder	2,700,000	4.50%	29-Dec-10	3 years	1203710058659860
24	A.K. Mustafizur Rahman	Shareholder	2,000,000	3.33%	29-Dec-10	3 years	1605760058639400
25	Md. Al-Amin Khan	Shareholder	133,000	0.22%	2-Dec-13	3 years	1204730058660768
26	Fortune Wealth Management Limited	Shareholder	67,000	0.11%	2-Dec-13	3 years	1201950056838921
27	Md. Raihan Ahmed	Shareholder	10,000	0.02%	2-Dec-13	3 years	1203140032786131
28	Md. Mustafizur Rahman	Shareholder	40,000	0.07%	2-Dec-13	3 years	1204730058703421
29	S.M. Iftekhar Imam	Shareholder	70,000	0.12%	2-Dec-13	3 years	1202300004237654
30	Md. Arifur Rahman	Shareholder	80,000	0.13%	2-Dec-13	3 years	1202020058264282
31	Sonali Life Insurance Company Limited	Shareholder	2,000,000	3.33%	18-Aug-13	3 years	1203020053880843
32	Hoda Ali Selim Ahmed Mohamed	Shareholder	1,000,000	1.67%	2-Dec-13	3 years	1202880040597663
Total			19,891,788	33.15%			

* Lock-in period from the date of Issuance of Prospectus.

Subscription by and Refund to Non-Resident Bangladeshi (NRB)

1. Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.
2. The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.



3. Stockbrokers/Merchant Bankers shall send the bank drafts (FDD) submitted by successful NRB and Foreign applicants to the Stock Exchange and return the drafts submitted by unsuccessful applicants.
4. Stockbrokers/Merchant Bankers shall send the drafts (FDD) submitted by unsuccessful NRB and Foreign applicants who are subject to penal provisions, to the respective Stock Exchange, along with a list.
5. Stock Exchanges shall send the drafts submitted by successful NRB and Foreign applicants and also by unsuccessful NRB and Foreign applicants who are subject to penal provisions, to the Issuer.
6. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 (ten) working days from the date of lottery.

Availability of Securities

Securities		Number of Shares	Total Amount
a)	20% of the Issue i.e. 8,000,000 Ordinary Shares at an issue price of Tk. 10 at par shall be reserved for affected small investors.	8,000,000	80,000,000
b)	10% of the Issue i.e. 4,000,000 Ordinary Shares at an issue price of Tk. 10 at par shall be reserved for Non-resident Bangladeshis.	4,000,000	40,000,000
c)	10% of the Issue i.e. 4,000,000 ordinary Shares at an issue price of Tk. 10 at par shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	4,000,000	40,000,000
d)	The remaining 60% i.e. 24,000,000 Ordinary Shares at an issue price of Tk.10 at par shall be open for subscription by the general public.	24,000,000	240,000,000
Total		40,000,000	400,000,000

1. All securities as stated in clause a, b, c and d 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.
2. In case of over-subscription under any of the categories mentioned in the clause a, b, c and d, 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 Bangladesh Securities and Exchange Commission.
3. In case of under-subscription under any of the 20% and 10% category as mentioned in clause a, b and c, the unsubscribed portion shall be added to the general public category, and, if after such addition there is oversubscription in the general public category the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.



4. In case of under-subscription of the public offering, the unsubscribed portion of shares shall be taken up by the underwriter(s).
5. The lottery as stated in clause 2 and 3 should be conducted in the presence of the representatives of Issuer, Stock Exchange(s) and the applicants, if there be any.

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.

Application for Subscription

1. Application/buy instruction for shares may be made for a minimum lot for **500** Ordinary shares to the value of **Taka 5,000/- (Five Thousand Only)**. Prospectus may be obtained from the registered office of the Company, Issue Manager, Underwriters and Stock Exchanges. Application/buy instruction must not be for less than **500** shares. Any application/buy instruction not meeting this criterion will not be considered for allotment purpose.
2. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. subscription closing date).
3. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant.
4. Application/buy instruction 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. Application/buy instruction from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association.
5. **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, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
6. The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.
7. **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 25% of the 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 of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.

8. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application/buy instruction) is completed. If any BO account mentioned in the application/buy instruction is found closed, the allotted security may be forfeited by BSEC.
9. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and Foreign Nationals shall be entitled to apply for shares.
10. Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer/Mutual Fund for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.
11. The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
12. The IPO subscription money collected from successful applicants (other than NRB applicants) by the Stockbrokers/Merchant Bankers will be remitted to the Company's **Short Notice Deposit (SND) Account No. 1032000950638** with **National Bank Limited, Malibagh Branch, Dhaka**, Bangladesh for this purpose.
13. The IPO subscription money collected from successful NRB applicants in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:

SL	Name of the FC Accounts	Currency	Account No.	Bank & Branch
1.	Dragon Sweater & Spinning Limited	US Dollar	1032000950676	National Bank Limited, Malibagh Branch, Dhaka
2.		UK Pound Sterling	1032000950696	
3.		Euro	1032000950689	

14. **জাতীয় ঋণ বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে ইচ্ছা করলে জাতীয় ঋণ সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায়ও আবেদন করতে পারবেন।”**

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



SECTION-XII : MATERIAL CONTRACTS AND OTHERS

Material Contracts

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

- a) Underwriting Agreements between the Company and the Underwriters.
- b) Issue Management Agreement between the Company and Swadesh Investment Management Ltd.

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.

Manager to the Issue

Swadesh Investment Management Limited, Unique Trade Center, Level-11, 8 Panthapath, Karwan Bazar, Dhaka-1215, Bangladesh is acting as the **Manager to the Issue**. The Issue Manager Swadesh Investment Management Ltd will get **Tk. 1,500,000/-** as Issue Management Fee.



SECTION-XIII : CORPORATE DIRECTORY

Registered and Corporate Office	Dragon Sweater and Spinning Limited 25/2, DIT Road, Malibagh Chowdhury Para, Dhaka-1219, Bangladesh
Factory Address	Chandul, Miah Bazar, Chowddahgaram, Comilla, Bangladesh
Manager to the Issue	Swadesh Investment Management Limited Unique Trade Center, Level-11, 8 Panthapath, Karwan Bazar, Dhaka-1215, Bangladesh
Auditor	Shiraz Khan Basak & Co. Chartered Accountants R.K Tower, 86, Bir Uttam C.R Datta Road, Level-10, Hatirpool, Dhaka-1205
Tax Consultants	Mr. Akbar Hossain FCA
Legal Advisors	Barrister Mr. Imtiaz Moinul Islam
Lead Banker	Prime Bank Limited
Company's Compliance Officer*	Mr. Shahnawaz Ahmed Khan Company Secretary

*All investors are hereby informed that **Mr. Shahnawaz Ahmed Khan, Company Secretary**, would be designated as Compliance Officer who will monitor the compliance of the acts, rules, regulations, notification, guidelines, conditions, orders/directions etc. issued by the Commission and/or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressing investors' grievances.



SECTION-XIV : AUDITOR'S REPORT AND RELATED CERTIFICATES

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DRAGON SWEATER & SPINNING LIMITED

We have audited the accompanying financial statements of **Dragon Sweater & Spinning Limited**, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and all related notes of financial statements together with a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management, represented by the Board of Directors, is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994, Securities and Exchange Rules, 1987 and Applicable Laws and Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the Company, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the Company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



OPINION

In our opinion, the financial statements referred to above give a true and fair view of the financial position of **Dragon Sweater & Spinning Limited** as of **31 December 2014** and of its financial performance and cash flows for the year ended from **1 January 2014 to 31 December 2014** in according with Bangladesh Financial Reporting Standards, Bangladesh Accounting Standards and comply with the Companies Act. 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- (a) our examination and checking of records, relevant books of accounts, registers, schedules and financial statements were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the financial statements;
- (b) 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;
- (c) the company's management has followed relevant provisions of laws and rules in managing the affairs of the company. Proper books of accounts, records and other statutory books have been properly maintained;
- (d) the statement of financial position and the statements of comprehensive income are in agreement with the said books of account maintained by the company and examined by us; and
- (e) the expenditure incurred and payments made were for the purpose of the company's business for the year.

Dated : 15 April 2015
Place : Dhaka

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants



DRAGON SWEATER & SPINNING LIMITED
Statement of Financial Position
As at 31 December 2014

Particulars	Note	31 Dec. 2014 Taka	31 Dec. 2013 Taka
ASSETS			
Non-Current Assets		612,600,624	604,778,145
Property, Plant & Equipment	4	561,663,206	594,061,029
Intangible Assets	5	9,109,549	10,717,117
Capital Wors-in-Progress	6	41,827,868	-
Current Assets		1,012,229,333	1,043,921,789
Short-Term Investment in FDR	7	4,625,032	4,234,065
Inventories	8	204,386,632	215,738,697
Bills Receivable	9	573,779,387	643,662,483
Advance, Deposit & Pre-payment	10	38,794,057	21,431,607
Cash and Cash Equivalents	11	190,644,226	158,854,936
TOTAL ASSETS		1,624,829,957	1,648,699,934
EQUITY AND LIABILITIES			
Shareholders' Equity		1,127,494,829	1,044,125,563
Share Capital	12	600,000,000	600,000,000
Retained Earnings	13	318,640,820	204,153,222
Reserve for Revaluation	14	208,854,009	239,972,341
LIABILITIES			
Non-Current Liabilities		413,777,357	457,625,658
Long Term Loan Net of Current Portion	15	413,777,357	457,625,658
Current Liabilities and Provision		83,557,771	146,948,712
Bills Payable	16	6,307,567	6,750,672
Liabilities for Expenses	17	6,151,431	9,781,249
Long Term Loan Current Portion	15	37,617,189	110,726,617
Provision for Income Tax	18	33,481,584	19,690,173
Total Liabilities		497,335,128	604,574,370
TOTAL EQUITY AND LIABILITIES		1,624,829,957	1,648,699,934
Net Assets Value (NAV) per share	25(a)	18.79	17.40
Net Tangible Assets Value (NAV) per share	25(b)	18.63	17.20

The annexed notes form are an integral part of the Statement of Financial Position.

The financial statements approved and authorized for issue by the Board of Directors on 15th April, 2015, and signed on behalf of the Board:

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

This is the Statement of Financial Position.referred to in our separate report of even date.

Date : April 15, 2015
Place: Dhaka

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants



DRAGON SWEATER & SPINNING LIMITED
Statement of Profit or Loss and Comprehensive Income
For the year ended 31 December 2014

Particulars	Note	31 Dec. 2014 Taka	31 Dec. 2013 Taka
Sales	19	766,817,162	758,931,300
Cost of Goods Sold	20	(558,661,531)	(555,591,719)
Gross Profit		208,155,631	203,339,581
Operating Expenses	21	(60,490,312)	(60,537,477)
Operating Income		147,665,319	142,802,104
Financial Expenses	22	(59,899,991)	(59,159,044)
Net Operating Income		87,765,328	83,643,061
Non-Operating Income	23	12,599,125	9,254,934
Net Profit Before Contribution to WPPF		100,364,453	92,897,995
Worker's Profit Participation Fund (WPPF)	17.02	-	(3,983,003)
Net Profit Before Tax		100,364,453	88,914,992
Tax Paid under Section 82 C	18.01	(4,866,099)	-
Provision for Taxation	18.01	(6,415,691)	(6,923,195)
Profit After Tax		89,082,663	81,991,797
Other Comprehensive Income	24.00	6,447,320	4,784,998
		95,529,982	86,776,795
Basic Earnings Per Share	25.00	1.48	2.72
Adjusted Earnings Per Share	25.01	1.48	1.37

The annexed notes form are an integral part of the Statement of Financial Position.

The financial statements approved and authorized for issue by the Board of Directors on 15th April, 2015, and signed on behalf of the Board:

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

This is the Statement of Comprehensive Income referred to in our separate report of even date.

Date : April 15, 2015
Place: Dhaka

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants



DRAGON SWEATER & SPINNING LIMITED
Statement of Changes in Equity
For the year ended 31 December 2014

(Amount in Taka)

Particulars	Ordinary Share Capital	Revaluation Surplus	Retained Earnings	Total
Balance as of January 01, 2014	600,000,000	239,972,343	204,153,222	1,044,125,565
Less: Prior three years adjustment for tax provision	-	-	(7,375,719)	(7,375,719)
Less: Prior year's unrealize gain for marked to market	-	-	(4,784,998)	(4,784,998)
Sub-Total	600,000,000	239,972,343	191,992,505	1,031,964,848
Revaluation Surplus realised (Annex-1)	-	(31,118,333)	31,118,333	-
Profit for the year	-	-	95,529,982	95,529,982
Balance as at December 31, 2014	600,000,000	208,854,011	318,640,820	1,127,494,831

For the year ended 31 December 2013

(Amount in Taka)

Particulars	Share Capital	Revaluation Surplus	Retained Earnings	Total
Balance as on January 01, 2013	287,160,000	275,944,562	194,244,208	757,348,770
Revaluation Surplus realised (Annex-1)	-	(35,972,219)	35,972,219	-
Profit for the year	-	-	86,776,795	86,776,795
Sub- Total	287,160,000	239,972,343	316,993,222	844,125,565
Less: Stock Dividend Paid (January 17, 2013)	112,840,000	-	(112,840,000)	-
Add: Share Allotment	200,000,000	-	-	200,000,000
Total as at December 31, 2013	600,000,000	239,972,343	204,153,222	1,044,125,565

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Date : April 15, 2015
Place: Dhaka

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants



DRAGON SWEATER & SPINNING LIMITED
Statement of Cash Flows
For the Year ended 31 December 2014

Particulars	31 Dec. 2014 Taka	31 Dec. 2013 Taka
Cash Flow From Operating Activities:		
Cash Receipt from Customers 27	838,359,162	678,865,655
Cash Receipt from Non-Operating Income 23	12,599,125	9,254,934
Cash Paid to Suppliers and Others 28	(563,138,761)	(647,177,707)
Cash Generated from Operations	287,819,526	40,942,882
Cash Paid for Financial Expenses 22	(59,899,991)	(59,159,044)
Income Tax Paid	(4,866,099)	-
Net Cash Flow from Operating Activities	223,053,436	(18,216,162)
Cash Flow From Investing Activities:		
FDR Investment 7	(390,967)	(404,415)
Investment in Capital Work-in-Progress 6	(41,827,868)	-
Investment for Non-current Assets (Annex-1)	(32,087,580)	(22,409,400)
Net Cash Used in Investing Activities	(74,306,416)	(22,813,814)
Cash Flow From Financing Activities:		
Long Term Loan Net of Current Portion	(43,848,301)	68,151,214
Long Term Loan Current portion	(73,109,428)	(84,010,605)
Share Allotment (Statement of Changes in Equity)	-	200,000,000
Net Cash Used in Financing Activities	(116,957,729)	184,140,609
Net Increase in Cash and Cash Equivalents	31,789,290	143,110,633
Cash and Cash Equivalents at beginning 10	158,854,936	15,744,303
Cash and Cash Equivalents at closing 10	190,644,226	158,854,936
Net Operating Cash Flow per share 29	3.72	(0.30)

The annexed notes form are an integral part of the Statement of Cash Flow.

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Date : April 15, 2015
Place: Dhaka



DRAGON SWEATER & SPINNING LIMITED
Notes to the Financial Statements
For the year ended 01 January to 31 December 2014

1.0 The Background and activities of the company:

1.01 Legal Status of the Company:

Dragon Sweater & Spinning Limited was incorporated on June 16, 1999 as a 'Private' Company limited by Shares Registered under the Companies Act 1994 as adopted in Bangladesh vide certificate of incorporation no. C-37951 (2251)/99. Dragon Sweater & Spinning Limited was converted into a Public Limited Company as on 13th January 2012. The Company's registered office is situated at 25/2, DIT Road, Malibagh Chowdhury Para, Dhaka and its factory is located at Chandul, Miah Bazar, Chowddagaram, Comilla.

1.02 Principal Activities of the Company:

The company has been incorporated with the primary objective of getting involved to promote, established and conduct textile, yarn and acrylic spinning mills in Bangladesh and to undertake all other business in connection therewith. Dragon Sweater & Spinning Limited runs the business of producing Spinning and manufacturing and exporting of readymade sweater, pull over and wearing apparels of all kinds out of wool, cotton, synthetic, fibers, acrylics and others to establish a modern Sweater Factory or manufacturing Sweater shirt and pullover of acrylic cotton, wool, silk, jute, flex, synthetic, and/or any fabric yarn for men, women, boys, and girls and marketing the same in the foreign market.

1.03 Summary of Significant Accounting and Valuation Policies:

The principal accounting policies have been consistently applied to all the years presented, unless other wise stated. The specific Accounting Policies selected and applied by the company's management for significant transactions and events that have a material effect within the framework of Bangladesh Accounting Standard (BAS)-1 "Presentation of Financial Statements" in preparation and presentation of financial statements. Compared to the previous year, there were no significant changes in the accounting and valuation principles affecting the financial position and performance of the company. Accounting and valuation methods are disclosed for reasons of clarity.

2.00 Basis of Financial Statements Preparation and Presentation:

2.01 Accounting Standard:

The financial statements of the company have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) which include Bangladesh Accounting Standards (BAS).

2.02 Accounting Convention:

The financial statements are prepared under the historical cost convention. The company classified the expenses using the function of expenses method as per BAS-1.

2.03 Legal Compliance:

The financial statements have been prepared and the disclosures of information have been made in accordance with the requirements of the Companies Act 1994, The Securities and Exchange Rules, 1987, BASs and BFRSs. On the basis of these regulations Bangladesh Accounting Standards (BAS) & Bangladesh Financial Reporting Standards (BFRS) were applied at the date of financial statements.

2.04 Accounting Estimates, Assumptions and Judgments:

The preparation of the financial statements in conformity with BFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Therefore the management has fulfilled these requirements for ration and presentation of financial statements of the company.

**2.05 Reporting Framework and Compliance Thereof:**

The Financial Statement have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987 and other relevant local laws as applicable, and in accordance with the Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BAS).

2.06 Presentation of Financial Statements:

The presentation of these financial statements is in accordance with the guidelines provided by BAS 1: Presentation of Financial Statements. The Financial Statement comprises:

- i) A Statement of Financial Position as at 31 December 2014;
- ii) A Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014;
- iii) A Statement of Changes in Equity for the year ended 31 December 2014;
- iv) A Statement of Cash Flows for the year ended 31 December 2014;
- v) Notes, comprising a summary of significant accounting policies and explanatory information.

2.07 Application of Standards:

The following BASs are applicable for the financial statements of the company for the year under audit:

Name of the accounting standards	Ref. No.	Status of Application
Presentation of Financial Statements	BAS-1	Applicable
Inventories	BAS-2	Applicable
Statement of Cash Flows	BAS-7	Applicable
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applicable
Events After the Reporting Period	BAS-10	Applicable
Income Taxes	BAS-12	Applicable
Property, Plant and Equipment	BAS-16	Applicable
Revenue	BAS-18	Applicable
Employee Benefits	BAS-19	Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applicable
Borrowing Costs	BAS-23	Applicable
Related Party Disclosure	BAS-24	Applicable
Earnings Per Share (EPS)	BA5-33	Applicable
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applicable
Intangible Assets	BAS-38	Applicable

2.08 Reporting Period:

The financial statement covers one calendar year from 01 January to 31 December 2014.

2.09 Date of Authorization:

The Board of Directors has authorized these financial statements on 15th April 2015.

2.10 Functional and Presentation Currency:

The Financial Statements are prepared and presented in Bangladesh Currency (Taka), though the major sales and purchase activities were carried out in US Dollar. Foreign currencies are translated at the applicable rates of exchanges ruling at that date. All Financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.11 Comparative Information:

Comparative information has been disclosed in respect of the year 2013 for all numerical information in the financial statements and also narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2013 have been re-arranged wherever considered necessary to endure better comparability with the current year.



2.12 Going Concern:

It was reviewed by the management; there were no significant going concern threats available in the operation of the company.

3.00 Significant Accounting Policies:

The accounting policies in respect of material items of financial statements have been set out below:

3.01 Revenue Recognition:

In compliance with the requirements of BAS 18: Revenue, revenue receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from sales is exclusive of VAT.

3.02 Property, Plants and Equipments:

3.02.01 Recognition and Measurement:

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

3.02.02 Pre-Operating Expenses and Borrowing Costs:

Interest and other expenses incurred by the company in respect of borrowing of fund are recognized as expenses in the year in which they incurred unless the activities are necessary to prepare the qualifying assets for its intended use are in progress. Expenses capitalized also include applicable borrowing cost considering the requirement of BAS 23: Borrowing Costs.

3.02.03 Subsequent Costs and Maintenance Activities:

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are charged to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.02.04 Software:

Software is generally charged off as revenue expenditure. Customized software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Which is locally developed customized software with the technical assistant of Wotech India Limited.

3.02.05 Disposal of Fixed Assets:

On Disposal of Fixed Assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the Statement of Comprehensive Income, which is determined with reference to the net book value of the assets and net sales proceeds.

**3.02.06 Depreciation of Fixed Assets:**

Depreciation is calculated using 'Reducing Balance Method' over the estimated useful life of each item of property, plant and equipments. Depreciation has been charged on addition of property, plant and equipments during the year when the assets are ready for use. Rate(s) of depreciation of assets considering their useful lives are as follows:

Category	Rate
Land & Land Development	0%
Building	10%
Plant & Machinery	15%
Generator	15%
Boiler	15%
Washing Machine	15%
Weight Machine	15%
Cleaning Machine	15%
Transformer	10%
Furniture & Fixture & Decoration	10%
Office Equipments	10%
Cookeries	20%
Air Compressor	10%
Water & Gas Installation	10%
Computer & Accessories	20%
Telephone & PABX	10%
Electric Installation	10%
Fire Fighting's	10%
C.C. Camera	20%
Motor Vehicles	15%

3.02.07 Intangible assets and amortization

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less amortization and impairment losses if any. Amortization is calculated using the Reducing Balance Method at 15% to write-off the cost of intangible assets.

3.03 Valuation of Inventory:

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS 2: Inventories. Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.04 Financial Instruments:

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

3.04.01 Financial Assets:

Financial assets of the company include cash and cash equivalents, accounts receivable and other receivables.

The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when, the contractual rights of probabilities of receiving the cash flows from the asset expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.



3.4.01 (a) Accounts Receivable:

Bills receivables are recognized at cost or net realizable value from the ordinary course of sales in the market whichever is lower. Bills receivables from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with BAS-21: The Effects of Changes in Foreign Exchange Rates.

3.4.01 (b) Advances, Deposits and Prepayments:

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

3.4.01 (c) Cash and Cash Equivalents:

Cash and Cash Equivalents are carried in the Statement of Financial Position at cost and include cash in hand and with banks on current and deposit accounts, which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.4.02 Financial Liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or canceled or expire.

Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.4.02 (a) Accounts Payable:

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

3.05 Impairment:

a) Financial Assets:

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc.

b) Non-Financial Assets:

An asset impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.06 Provisions:

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.



3.07 Taxation:

Income tax expense is recognized in profit and loss account and accounted for in accordance with the requirements of BAS 12: Income Taxes

a) Tax deducted by the authorized dealer on proceed realized from 01 January to 31 December 2014 was considered as final tax liability as per SRO NO. 205-AAIN/ AYKOR/2005 dated July 7, 2005.

b) Current Tax:

As per section 53BBBB of the Income Tax Ordinance 1984 tax has been deducted at source from export proceeds @ 0.80% and the rate has been decreased to @ 0.30% from 1st July 2014 and the deducted amount is treated as the final settlement as final discharge of income tax liability of the company under the provision of section 82(c).

c) Deferred Tax:

Deferred tax arises due to temporary difference deductible or taxable for the events or transaction which is recognized in the Statement of Comprehensive Income. A temporary difference is the difference between the tax bases of an asset or liability and its carrying amount/reported amount in the Statement of Financial Position. Deferred tax assets or liability is the amount of income tax recoverable or payable in future periods recognized in the current period. The income of the company is being assessed and income tax @ 0.30% is deducted on the gross turnover of the company as its final tax liability. Thus there arises a permanent difference due to unavailability of temporary differences, unused tax losses and unused tax credits for the company. Therefore, no deferred tax policy has been adopted by the management during the year.

3.08 Borrowing Costs:

This has been dealt with the requirement of BAS 23: Borrowing Costs.

Borrowing costs relating to projects in commercial operation are recognized as expenses in the year in which they are incurred. In respect of projects that have not yet commenced commercial production, borrowing costs are debited to capital work in progress.

3.09 Employee Benefits:

The company taking initiative to maintain contribution plan for its eligible permanent employees in compliance with the provisions of BAS 19: Employee Benefits.

As per Section 232 of Bangladesh Labor Act, 2006, which states that in sub-section 2 “The Government may, by notification in the official Gazette apply this chapter to such other companies as it may specify therein.” And in sub-section 3 “Notwithstanding anything contained in sub-section (1) and (2), in industrial sector which is hundred percent export oriented or which is hundred percent foreign invested, the government may, by rules, for the beneficiaries working in such sectors, from sector-wise a central fund consolidating buyers and owners, fund management board, determine amount of donation and procedure for recovery thereof, adopt rules for using money of that fund and relevant other necessary rules. Provided that, such board, may very prior approval of government adopt regulations for the purpose of this section.”

That is why the company was not able to make provision for WPPF during the year. However the management of the company has positive intention to implement WPPF after notification in the official Gazette by the Government.

3.10 Statement of Cash Flows:

The Statement of Cash Flow has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of BAS 7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.11 Earnings per Share (EPS):

The company calculates Earnings per Share (EPS) in accordance with BAS-33: Earnings per Share, which has been shown at the bottom of the Statement of Comprehensive Income.



Basic Earnings (Numerator)

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares outstanding during the year (Denominator):

Current Year December 2014:

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

The basis of computation of number of shares as stated above is in line with the provisions of BAS 33: Earnings per Share. The logic behind this basis, as stated in the said BAS is that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings.

Addition of Shares was not taken place during the year. So the company does not require calculating weighted average number of ordinary shares.

3.12 Foreign Currency Transactions:

The financial records of the company are maintained and the financial statements are stated in Bangladeshi Taka. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The major activities of the company were carried out in USD but recorded and reported in Bangladesh Taka as this is the reporting currency.

The import activities were not subject to any exchange fluctuation. Only the unencumbered portions of export bills were subject to exchange fluctuation which was dealt through Statement of Comprehensive Income of the entity. Foreign currency transaction is recorded at the applicable rates of exchange ruling at the transaction date.

Among the monetary assets and liabilities denominated in foreign currencies at the reporting date, only the export retention quota accounts were translated at the applicable rates of exchange ruling at that date. Exchange difference on such translation was also dealt through the Statement of Comprehensive Income.

The monetary assets and liabilities, if any, denominated in foreign currencies at the reporting date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure / gain in compliance with the provisions of IAS 21: The Effects of changes in Foreign Exchange Rates.

3.13 Contingent Assets and Liabilities:

A contingent assets is disclosed when it is a possible that assets arise from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is disclosed when it is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liabilities/assets are shown in the note no. 17.03.

3.14 Events after the Reporting Period:

There has no adjusting or non-adjusting event during the year.



Dragon Sweater and Spinning Limited

		31 Dec. 2014 Taka	31 Dec. 2013 Taka
4.00 Property, Plant & Equipment			
At Cost/Valuation			
Opening Balance		1,183,337,193	1,160,927,793
Addition during the year		32,087,580	22,409,400
		1,215,424,773	1,183,337,193
Accumulated Depreciation			
Opening Balance		589,276,164	520,325,832
Charged during the year		64,485,403	68,950,332
		653,761,567	589,276,165
Written Down Value		561,663,206	594,061,028.62
The details of the above is given in Annexure-1			
5.00 Intangible Assets			
At Cost/Valuation			
Opening Balance		23,591,000	23,591,000
Addition during the year		-	-
		23,591,000	23,591,000
Accumulated Amortization			
Opening Balance		12,873,883	10,982,627
Charged during the year		1,607,568	1,891,256
		14,481,451	12,873,883
Written Down Value		9,109,549	10,717,117
The details of the above is given in Annexure-2			
6.00 Capital Wors-in-Progress			
Buildings		30,287,406	-
Security Building		1,513,260	-
Drain Line		894,265	-
Water Tranks		256,875	-
ETP		8,876,062	-
		41,827,868	-
7.00 Short-Term Investment in FDR :			
<u>FDR No.</u>	<u>Name of the Bank</u>		
4712020498002	City Bank Ltd.	1,157,057	1,062,619
4712020500005	City Bank Ltd.	1,155,995	1,057,151
4712020501006	City Bank Ltd.	693,590	634,285
4712020502006	City Bank Ltd.	1,155,995	1,057,151
4712020486005	City Bank Ltd.	462,395	422,859
		4,625,032	4,234,065
The above FDR are kept as lien with City Bank Ltd.			
8.00 Inventories :			
Raw Materials	30.01(b & d)	140,038,124	# 119,138,478
Packing Materials	30.01(d)	28,384,144	# 43,572,797
Work in Process	30.01(d)	3,512,842	# 4,551,179
Finished Goods	30.01(c & d)	32,451,522	# 48,476,243
		204,386,632	215,738,697



		31 Dec. 2014 Taka	31 Dec. 2013 Taka
9.00 Bills Receivable :			
Bill Receivable from Foreign Companies	9.01	353,952,365	354,036,854
Bill Receivable from Inter-Companies	9.02	219,827,021	289,625,629
		573,779,387	643,662,483
9.01 Bills Receivable from Foreign Companie :			
Primark		142,189,469	65,302,243
Walmart		87,353,567	238,958,007
Next		21,039,165	44,913,543
Anjuu		36,913,509	-
Lidl		59,934,691	-
		347,430,401	349,173,793
Marked to Market Gain/(Loss)	9.01A	6,521,964	4,863,061
		353,952,365	354,036,854

9.01A Marked to Market :

	Receivable In USD	USD Rate	Receivable In BDT	Receivable In BDT
Current Market Rate	\$4,540,762	77.95	353,952,365	354,036,854
average Rate	\$4,540,762	76.51	347,430,401	349,173,793
Marked to Market Gain/(Loss)			6,521,964	4,863,061

Bills receivable have been stated at their nominal value. Bills receivable are accrued in the ordinary course of business. All receivables have been considered as good and realizable.

Receivable Ageing report is given below:

Party Name	Not more than 90 days	Above 90 days below 180 days	Total
Primark	-	142,189,469	142,189,469
Walmart	75,686,678	11,666,889	87,353,567
Next	-	21,039,165	21,039,165
Anjuu	36,913,509	-	36,913,509
Lidl	59,934,691	-	59,934,691
Total:	172,534,877	174,895,524	347,430,401

9.02 Bills Receivable from Inter-Company :

Dragon Sweater (BD.) Ltd.	138,809,780	181,403,175
Imperial Sweater (BD.) Ltd.	81,017,241	108,222,454
	219,827,021	289,625,629

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Sechedule XI of the Companies Act, 1994 are given below:

Sl.	Particulars	Amount in Taka	
I	Receivables considered good in respect of which the company is fully secured	353,952,365	354,036,854
II	Receivables considered good in respect of which the company holds no security other than the debtor personal security	-	-
III	Receivable considered doubtful or bad	-	-
IV	Receivables due by common management	219,827,021	289,625,629
V	The maximum amount of receivable due by any director or other officer of the company	-	-
Total:		573,779,387	643,662,483

A schedule of bills receivable is given in **Annexure-2 & 3.**



		31 Dec. 2014 Taka	31 Dec. 2013 Taka
10.00	Advance, Deposit & Pre-payment :		
	Advance	10.01 38,344,057	20,981,607
	Deposits	10.02 450,000	450,000
		38,794,057	21,431,607
10.01	Advance		
	Advance Income Tax	10.01A 5,886,637	5,407,507
	Advance Salary to Staff	8,567,900	2,449,100
	Advance Against Expenses	10.01B 3,258,000	-
	Advance for Fire Insurnace	1,970,920	-
	Advance for Fire Fighting's	17,960,600	11,875,000
	Advance Consultancy Fee	700,000	1,250,000
		38,344,057	20,981,607
10.01A	Advance Income Tax :		
	Advance Tax from Sales Proceed	5,272,731	5,272,731
	Advance Tax from SND	464,587	64,289
	Advance Tax from FDR	149,319	70,487
		5,886,637	5,407,507
10.01B	Advance Against Expenses:		
	Advance Aginst Factory Supply & Chemicals	432,000	-
	Advance Against Repair & Maintenance of Machineries	25,900	-
	Advance Against License Renewal	612,300	-
	Advance Against Comerccial Work	307,550	-
	Advance Against Lab Test	1,123,400	-
	Advance Against Issue Management Fee	756,850	-
		3,258,000	-
10.02	Deposits :		
	Deposit with PDB	250,000	250,000
	Deposit with DESA	150,000	150,000
	Deposit with T&T	50,000	50,000
		450,000	450,000
11.00	Cash and Cash Equivalents :		
	Cash in Hand	26,760,090	17,385
	Cash at Bank	11.01 163,884,136	158,837,551
		190,644,226	158,854,936
Cash in hand represent a substantial amount as all most all the transactions were made in cash.			
11.01	Cash at Bank :		
	Bank Name		
	The City Bank Ltd.(CD A/c)	6	6
	The City Bank Ltd. (FC A/c)	144,277	19,144,277
	Bank Asia Ltd.(CD A/C)	64,519,161	35,126,899
	South Bangla Agricult Bank	99,220,692	104,566,369
		163,884,136	158,837,551



			31 Dec. 2014 Taka	31 Dec. 2013 Taka
12.00 Share Capital :				
12.01 Authorized Capital :				
150,000,000 Ordinary Shares of Tk. 10 each			<u>1,500,000,000</u>	<u>1,500,000,000</u>
12.02 Issued Subscribed and Paid up Capital :				
60,000,000 Ordinary Shares of Tk. 10 each fully paid up			600,000,000	600,000,000
The shareholding position of the company are as under:				
Name of Shareholders	No. of Shares	(%)		
Mr. Mostafa Golam Quddus	2,235,687	3.726%	22,356,870	22,356,870
Mr. Mostafa Quamrus Sobhan	27,765,358	46.276%	277,653,580	277,653,580
Miss.Tasnia Quamrun Anika	2,013,477	3.356%	20,134,770	20,134,770
Mrs.Shafia Sobhan Chowdhury	2,163,477	3.606%	21,634,770	21,634,770
Mrs.Fazlutun Nessa	2,163,477	3.606%	21,634,770	21,634,770
Mrs.Fauzia Quamrun Tania	7,166,736	11.945%	71,667,360	71,667,360
CD Spinning Mills Ltd.	20,894	0.035%	208,940	208,940
CD Acrylic (BD.) Ltd.	20,894	0.035%	208,940	208,940
Mr. Muzaffar Ahmed	50,000	0.083%	500,000	500,000
Mrs. Sadia Akhter	200,000	0.333%	2,000,000	2,000,000
Nasima Akhter	200,000	0.333%	2,000,000	2,000,000
Mr. ASM Shahidul Haque Bulbul	200,000	0.333%	2,000,000	2,000,000
Tanzila Ferdouse	200,000	0.333%	2,000,000	2,000,000
Mr. Mohammad Zahir	100,000	0.167%	1,000,000	1,000,000
Mr. Zaed Bin Zahir	100,000	0.167%	1,000,000	1,000,000
Fahmida Kamal	100,000	0.167%	1,000,000	1,000,000
IPE Capital Limited	50,000	0.083%	500,000	500,000
Heritage Capital Management Limited	50,000	0.083%	500,000	500,000
Pandemic Fisherirs Limited	2,000,000	3.333%	20,000,000	20,000,000
Pandemic Trade International	2,000,000	3.333%	20,000,000	20,000,000
Dr. Tamanna Mostafiz	2,000,000	3.333%	20,000,000	20,000,000
A. K. M. Sajedur Rahman	2,000,000	3.333%	20,000,000	20,000,000
First Securities Services Limited	1,000,000	1.667%	10,000,000	10,000,000
Md. Ashraful Haque	200,000	0.333%	2,000,000	2,000,000
M. Shefaque Ahmed	1,000,000	1.667%	10,000,000	10,000,000
Molla Abdul Hakim	100,000	0.167%	1,000,000	1,000,000
Farid Ahmed	100,000	0.167%	1,000,000	1,000,000
Md. Ziaul Hossain	100,000	0.167%	1,000,000	1,000,000
A. K. Mostafizur Rahman	2,000,000	3.333%	20,000,000	20,000,000
Dragon Information Technology & Communication Limited	2,700,000	4.500%	27,000,000	27,000,000
	60,000,000	100.00%	600,000,000	600,000,000
13.00 Retained Earnings :				
Opening Balance			204,153,222	194,244,208
Less: Prior three year's adjustment for tax provision			(7,375,719)	-
Less: Prior year's unrealized gain from marked to market			(4,784,998)	-
Less: Stock Dividend Paid			-	(112,840,000)
Sub- Total			191,992,505	81,404,208
Add: Current year profit			95,529,982	86,776,795
Add: Revaluation surplus realised (Annex-1)			31,118,333	35,972,219



		318,640,820	204,153,222
		31 Dec. 2014 Taka	31 Dec. 2013 Taka
14.00 Revaluation Reserve :			
The company revalued its buildings and plant & machinery on 31 December 2010 by K.M. Alam & Co. Chartered Accountants to reflect the fair value of property, plant and equipment assets in the financial statements as on 31 December 2010. Details of the revaluation of the assets as on 31 December 2013 are given below:			
	Opening Balance	Adjustment	
	239,972,341	(31,118,333)	
		208,854,009	239,972,341
15.00 Long Term Loan:			
Opening Balance		568,352,276	584,211,667
Add: Interest during the year		59,888,266	59,140,609
Less: Paid during the year		(176,845,995)	(75,000,000)
Closing Balance		451,394,546	568,352,276
Less: Current Portion		(37,617,189)	(110,726,617)
Net of Current Portion		413,777,357	457,625,658
16.00 Bills Payable :			
M/S. Liberty Poly Zone		664,688	-
Jia Shan China		998,659	-
M/S. Enam Label Ltd.		180,040	-
M/S. Melvin Accessories.		1,531,045	-
M/S. Muna Enterprise		607,533	-
M/S. S.B.Trade International		772,000	-
M/S. SML Packaging Solution Bangladesh Ltd.		108,171	-
M/S. Uniglory Paper and Packaging Ltd.		568,115	-
M/S. Nova Accessories Ind. Ltd.		-	809,020
M/S Labib Dyeing Mills Ltd.		-	4,006,411
M/S. Beta Packaging Ltd		802,672	342,100
Tyco		-	1,515,077
		6,232,922	6,672,608
Marked to Market Gain/(Loss)	16.01	74,644	78,065
		6,307,567	6,750,672
16.01 Marked to Market :			
	Payable In USD	USD Rate	Payable In USD
Current Market Rate	\$80,918	77.95	6,307,567
Average Rate	\$80,918	77.03	6,232,922
Marked to Market Gain/(Loss)			74,644
A schedule of bills payables is given in Annexure-4.			
Payable Ageing report is given below:			
Party Name	Not more than 90 days	Above 90 days below 180 days	Total
M/S. Liberty Poly Zone	664,688	-	664,688
Jia Shan China	998,659	-	998,659
M/S. Enam Label Ltd.	-	180,040	180,040
M/S. Melvin Accessories.	-	1,531,045	1,531,045
M/S. Muna Enterprise	418,316	189,217	607,533
M/S. S.B.Trade International	-	772,000	772,000
M/S. SML Packaging Solution Bangladesh Ltd.	-	108,171	108,171
M/S. Uniglory Paper and Packaging Ltd.	-	568,115	568,115



Dragon Sweater and Spinning Limited

M/S. Beta Packaging Ltd

Total:

802,672	-	802,672
2,884,335	3,348,588	6,232,922
31 Dec. 2014	31 Dec. 2013	
Taka	Taka	

17.00 Liabilities for Expenses :

Audit fee		230,000	150,000
Salaries & wages & Remuneration		4,969,685	3,841,807
Workers Profit Participation fund (WPPF)	17.01	-	4,759,712
Fuel, Water and Power		752,746	1,029,730
Rent & Others		199,000	-
		6,151,431	9,781,249

17.01 Workers Profit Participation Fund (WPPF) :

The break up of the amount is as follows:

Opening Balance		4,759,712	3,855,452
Addition during the year	17.02	-	3,983,003
Payment during the year		(4,759,712)	(3,078,744)
		-	4,759,712

The above fund is managed by a separate Trustee Board as per the respective provision of labor law and the other laws are regulations prevailing in the country.

17.02 Calculation of Worker's Profit Participation Fund :

Operating Profit for the year		-	142,802,104
Less: Financial Expenses for the year		-	(59,159,044)
Net Profit before Tax and WPPF		-	83,643,061
Provision for WPPF @ 5% on the above amount		-	3,983,003

17.03 Contingent Assets/ Liabilities :

As per income tax assessment tax liabilities stood at Tk. 12,127,779 which arise from the assessment year 2001-2002, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, for the late submission of return and for interest. A provision for taxation amounting to Tk. 9,625,346 has been created for the assessment year mentioned above. An appeal to the Additional Commissioner of Taxes against those liabilities. Difference of tax assessment and tax provision is amounting to Tk. 2,502,433. Which is considered as contingent tax liabilities. No provision against that liabilities has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

18.00 Provision for Income Tax :

Opening Balance		19,690,173	12,766,978
Add: Addition during the year	18.01	6,415,691	6,923,195
		26,105,865	19,690,173
Add: Prior three year's adjustment for tax provision		7,375,719	-
Less: Adjustment during the year		-	-
		33,481,584	19,690,173

18.01 Provision for Taxation:

This represents amount provided on Business and Non-Business income as per Income Tax Law.

Total Income before Tax:

100,364,453

Less: Non-Operating Income for separate consideration:

1. Interest on FDR	525,547	
2. Interest on SND	4,002,981	
3. Exchange gain	4,341,203	
4. Scrap Sales	3,729,395	
		12,599,125
Income from Business:		87,765,328



31 Dec. 2014
Taka

31 Dec. 2013
Taka

Advance Income Tax deducted at source on export bills realization Tk. 4,866,099.50 which is final settlement as per section 82 C of Income Tax Ordinance 1984 and any profit arrive out of Income as per advance Income Tax deduction at source to be considered taxable Income under section 82 C (6) of the Income Tax Ordinance 1984. As such Income Tax provision has arrived as follows:

82 C Income @ 10%	48,660,990	4,866,099	4,739,148
82 C (6) Income @ 10%	39,104,338	3,910,434	-
Scrap Sales @10%	3,729,395	372,940	1,774,459
Exchange Gain/Loss @ 10%	4,341,203	434,120	-
Interest on FDR @ 37.5%	525,547	197,080	168,506
Interest on SND @ 37.5%	4,002,981	1,501,118	241,082
		11,281,790	6,923,195
Less: Tax deduction at source from eport proceeds		(4,866,099)	-
		6,415,691	6,923,195

19.00 Sales :

Sales	19.01	766,817,162	758,931,300
		766,817,162	758,931,300

19.01 Gross Sales :

Buyer Name	Country	Amount in USD	31 Dec. 2014 Taka	31 Dec. 2013 Taka
Primark	Ireland,USA,UK,Spain	2,972,703	225,901,809	65,302,243
Walmart	Mexico,Chili,Brazil,Buffalo	5,151,183	397,284,123	601,813,202
Next	UK	609,075	46,783,031	91,815,856
Anjuu	Brazil	477,884	36,913,509	-
Lidl	Germany	776,557	59,934,691	-
Total:		9,987,402	766,817,162	758,931,300

Item wise Details of Sales are shown below:

Buyer name	Items name		USD	Taka
			31 st Dec 2014	
All Parties(Walmart Mexico, Walmart Chili, Walmart Brazil, Primark, Next, Buffalo, Anjuu)	Pullover	V Neck	548,510	42,235,270
		Y Neck	2,254,200	171,770,040
		West Coat	1,384,570	106,251,902
		Round Neck	1,865,821	142,419,764
		High Neck	124,510	9,555,470
		Pullover with Hood	791,977	61,118,022
		Sub Total:	\$ 6,969,588	533,350,467
	Cardigan	V Neck	658,210	50,511,035
		Y Neck	205,877	15,733,120
		West Coat	25,410	1,926,078
		Round Neck	548,512	41,006,757
		High Neck	1,548,521	121,885,539
		Pullover with Hood	31,284	2,404,165
		Sub Total:	\$ 3,017,814	233,466,695
		Total:	\$ 9,987,402	766,817,162



		31 Dec. 2014 Taka	31 Dec. 2013 Taka
20.00 Cost of Goods Sold :			
Raw Materials Consumed	20.01	312,724,793	338,539,827
Packing Materials Consumed	20.02	98,848,589	104,249,553
		411,573,382	442,789,380
Add: Work in Process-Opening	8.00	4,551,179	3,725,442
		416,124,561	446,514,822
Less: Work in Process-Closing	8.00	3,512,842	4,551,179
Total Consumption		412,611,719	441,963,643
Add: Manufacturing Overhead	20.03	71,988,228	65,062,065
Add: Depreciation	(Annexure-1)	58,036,862	62,055,299
Cost of Production		542,636,810	569,081,007
Add: Finished Goods-Opening	8.00	48,476,243	34,986,955
		591,113,053	604,067,962
Less: Finished Goods - Closing	8.00	32,451,522	48,476,243
		558,661,531	555,591,719
20.01 Raw Materials Consumed :			
Opening Stock	8.00	119,138,478	75,492,587
Add: Purchase during the year		333,624,439	382,185,718
Raw Materials Available for Production		452,762,917	457,678,305
Less: Closing Stock	8.00	140,038,124	119,138,478
		312,724,793	338,539,827
20.02 Packing Materials Consumed :			
Opening Stock	8.00	43,572,797	23,234,765
Add: Purchase during the year		83,659,936	124,587,585
Materials Available for Packing		127,232,733	147,822,350
Less: Closing Stock	8.00	28,384,144	43,572,797
		98,848,589	104,249,553
20.03 Manufacturing Overhead :			
Salary & Wages		33,362,220	30,692,707
Fuel Water & Power		19,286,679	18,935,138
Factory Lease Rent		504,000	-
Lab test Charges		3,968,108	4,459,125
Store & Spares Consumed		2,493,221	1,710,918
Repairs & Maintenance		567,780	55,600
Chemical Expenses		1,728,650	700,455
Security Service Charges		1,128,600	1,128,600
Uniform & Liveries		75,000	60,000
Medical Expenses		124,900	138,450
Staff Training Expenses		600,000	356,000
Carriage Inward		2,359,128	1,408,546
Garments Printing & Washing Expenses		612,925	54,632
Import Material Utilization Declaration Expenses		145,620	70,628
C & F Charges		3,305,806	3,621,455
Entertainment		1,540,811	1,538,611
Other Overhead		184,780	131,200
		71,988,228	65,062,065
21.00 Operating Expenses :			
Distribution & Selling	21.01	16,012,763	13,334,174
Administrative Expenses	21.02	44,477,549	47,203,303



Dragon Sweater and Spinning Limited

		<u>60,490,312</u>	<u>60,537,477</u>
		<u>31 Dec. 2014</u>	<u>31 Dec. 2013</u>
		<u>Taka</u>	<u>Taka</u>
21.01 Distribution & Selling :			
Salaries & Welfare		2,139,708	2,520,678
B/L, Air Freight Charges		1,600,599	1,538,874
Advertising Expenses		17,700	20,000
Transpiration and Handling Expenses		1,700,500	1,626,000
Repair & Maintenance		82,750	52,500
Sales Promotion Expenses		1,647,182	2,081,450
Traveling Expenses		2,141,261	2,392,500
Courier & Handling Charges		1,899,866	469,500
Buyers Entertainment		1,102,500	1,020,830
L/C Charges & Commission		725,800	178,900
Misc. Expenses		1,665,189	1,432,942
Depreciation (Annexure-1)		1,289,708	-
		<u>16,012,763</u>	<u>13,334,174</u>
21.02 Administrative Expenses :			
Salary & Allowances		21,686,292	22,013,322
Remuneration		1,224,000	1,224,000
Board Meeting Fee	21.01A	19,200	21,000
Postage & Telecommunication		326,656	424,835
Repair & Maintenance		4,399,746	1,764,517
Vehicle Expenses /GSP		260,200	281,365
Electricity, Fuel & Power		1,477,487	1,374,246
Printing & Stationery		413,850	612,004
Donation & Others		1,209,600	1,089,400
Entertainment		665,887	518,620
Legal & Professional Charges		2,878,000	2,453,720
Insurance		23,000	2,901,010
Audit Fee		425,000	300,000
Office Rent		1,380,000	1,380,000
Conveyance		295,752	388,124
Renewal & License fee		424,750	959,750
Security Service Charges		411,600	411,600
BTMA Expenses		190,130	299,500
Depreciation	(Annexure-1)	5,158,832	6,895,033
Amotrization	(Annexure-1)	1,607,568	1,891,256
		<u>44,477,549</u>	<u>47,203,303</u>
21.02A Board Meeting Fee :			
Mr. Mostafa Quamrus Sobhan	Chairman	3,600	4,200
Mr. Mostafa Golam Quddus	Managing Director	3,000	4,200
Miss.Tasnia Quamrun Anika	Director	3,000	3,000
Mrs.Shafia Sobhan Chowdhury	Director	3,600	3,000
Mrs.Fazlutun Nessa	Director	2,400	3,600
Mrs.Fauzia Quamrun Tania	Director	3,600	3,000
		<u>19,200</u>	<u>21,000</u>
22.00 Financial Expenses :			
Bank Charge & Commission		11,725	18,435
Interest on Long Term Loan		59,888,266	59,140,609
		<u>59,899,991</u>	<u>59,159,044</u>



			31 Dec. 2014 Taka	31 Dec. 2013 Taka
23.00	Non-Operating Income :			
	FDR Interest		525,547	449,349
	SND Interest Receive		4,002,981	642,885
	Exchange Gain/Loss		4,341,203	3,430,810
	Scrap Sales		3,729,395	4,731,890
			<u>12,599,125</u>	<u>9,254,934</u>
24.00	Other Comprehensive Income :			
	Gain on Bills Receivable Marked to Market	9.01	6,521,964	4,863,062
	Loss on Bills Payable Marked to Market	16.01	(74,644)	(78,064)
			<u>6,447,320</u>	<u>4,784,998</u>
25.00	Basic Earnings Per Share (EPS) :			
	(a) Profit After Tax (Tk.)		89,082,663	81,991,797
	(b) Weighted average Number of Ordinary Shares outstanding during the year		60,000,000	30,193,830
			<u>1.48</u>	<u>2.72</u>

Calculation of weighted average Number of Ordinary Shares outstanding during the year from 01-01-2013 to 31-12-2013

Date of Share Holdings	Particulars	No. of Shares	Period	Days	Weighted average Number of Ordinary Shares outstanding
01.01.2013	Opening balance	28,716,000	01.01.2013 to 31.12.2013	365	28,716,000
03.12.2013	New shares issued by cash	17,426,000	2.12.2013 to 31.12.2013	28	1,336,789
11.12.2013	New shares issued by cash	2,574,000	08.12.2013 to 31.12.2013	20	141,041
		48,716,000			30,193,830

25.01	Adjusted Earnings Per Share (AEPS) :			
	(a) Profit After Tax (Tk.)		89,082,663	81,991,797
	(b) Number of Shares Outstanding		60,000,000	60,000,000
			<u>1.48</u>	<u>1.37</u>
26.00	(a) Net Asset Value (NAV) Per Share :			
	Share Capital		600,000,000	600,000,000
	Retained Earnings		318,640,820	204,153,222
	Reserve for Revaluation		208,854,009	239,972,341
	Net Asset Value (NAV)		<u>1,127,494,829</u>	<u>1,044,125,563</u>
	Number of Ordinary Shares		60,000,000	60,000,000
			<u>18.79</u>	<u>17.40</u>
	(b) Net Tangible Asset Value (NAV) Per Share :			
	Net Asset Value (NAV)		1,127,494,829	1,044,125,563
	Less: Intangible Assets & Unrecoverable IPO Advance		(9,809,549)	(11,967,117)
	Adjusted Net Asset Value (NAV)		<u>1,117,685,280</u>	<u>1,032,158,447</u>
	Number of Ordinary Shares		60,000,000	60,000,000
			<u>18.63</u>	<u>17.20</u>



		31 Dec. 2014 Taka	31 Dec. 2013 Taka
27.00 Cash Receipts from Customers:			
Opening A/c. Receivable from Foreign Customers	9.00	349,173,793	207,677,897
Add: Sale during the priod	19.00	766,817,162	758,931,300
Add: Opening Receivable from Inter-Company	9.00	289,625,629	351,055,880
Less: Closing Receivable from Inter-Company	9.00	(219,827,021)	(289,625,629)
Less: Closing A/c Receivable from Foreign Customers	9.00	(347,430,401)	(349,173,793)
		838,359,162	678,865,655
28.00 Cash Paid to Suppliers and Others:			
Cost of goods Sold	20.00	(558,661,531)	(555,591,719)
Add: Closing Inventories	8.00	(204,386,632)	(215,738,697)
Add: Opening Accounts Payable	16.00	(6,672,608)	(5,841,535)
Less: Opening Inventories	8.00	215,738,697	137,439,749
Less: Closing Accounts Payable	16.00	6,232,922	6,672,608
Less: Depreciation	(Annexure-1)	58,036,862	62,055,299
Operating Expenses	21.00	(60,490,312)	(60,537,477)
Add: Closing Advance & Prepayments	10.00	(38,794,057)	(21,431,607)
Add: Opening Accruals	17.00	(9,781,249)	(11,634,699)
Add: WPPF	17.00	-	(3,983,003)
Less: Opening Advance & Prepayment	10.00	21,431,607	2,845,836
Less: Closing Accruals	17.00	6,151,431	9,781,249
Less: Amortization	(Annexure-1)	1,607,568	1,891,256
Less: Depreciation	(Annexure-1)	6,448,540	6,895,033
		(563,138,761)	(647,177,707)
29.00 Net Operating Cash Flow Per Share (NOCFPS)			
Net Operating Cash Flows		223,053,436	(18,216,162)
Number of Ordinary Shares Outstanding (Denominator)		60,000,000	60,000,000
Net Operating Cash Flows Per Share		3.72	(0.30)

30.00 Events After Reporting Period (BAS-10)

- i) There was no significant event that has been occurred between Balance sheet date and the date on which the financial statement are authorised for issue.

31.00 Other Commitments, Contingencies and Relevant Information

31.01 Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 31 December 2014 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

(a) Sales :

Particulars	01-01-2014 to 31-12-2014		01-01-2013 to 31-12-2013	
	Quantity in Pcs	Amount in Taka	Quantity in Pcs	Amount in Taka
Domestics Sales	-	-	-	-
Export Sales	2,100,869	766,817,162	1,969,095	758,931,300
Total	2,100,869	766,817,162	1,969,095	758,931,300



31 Dec. 2014 Taka	31 Dec. 2013 Taka
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(b) Raw Materials Consumed in Quantities (Lbs):

Opening Stock	779,570	380,390
Add: Purchase	1,853,469	1,841,610
Raw Material available for consumption	2,633,039	2,222,000
Less: Closing Stock	777,990	779,570
Raw Material Consumed	1,855,050	1,442,430

(c) Particulars in respect of opening stock, sales and closing stock of finish goods :

Date	Opening Stock		Closing Stock		Sales	
	Quantity (in pcs)	Value (in Taka)	Quantity (in pcs)	Value (in Taka)	Quantity (in pcs)	Value (in Taka)
Jan to Dec-2014	162,036	48,476,243	104,682	32,451,522	2,100,869	766,817,162
Jan to Dec-2013	154,720	48,476,243	162,036	48,476,243	1,969,095	758,931,300

(d) Particulars in Respect of Opening Stock and Closing Stock of Inventories

Date	Opening Stock		Closing Stock	
	Quantity (pcs/lbs)	Value (in Taka)	Quantity (pcs/lbs)	Value (in Taka)
Raw Materials	779,570	119,138,478	777,990	140,038,124
Packing Materials	13,450,578	43,572,797	13,450,578	28,384,144
Work in Process	25,431	4,551,179	22,518	3,512,842
Finished Goods	162,036	48,476,243	104,682	32,451,522

31.02 Information as per requirement of Para 8, Schedule XI, Part II, of The Companies Act :

Disclosure under Para 8, Schedule XI, Part II of the Companies Act, 1994 are as under:

Raw Materials:

Items	Purchase in Taka			Consumption in Taka	% of Consumption of Total Purchase
	Import	Inter company	Total		
Yarn	333,624,439	-	333,624,439	312,724,793	94%
Accessories & Packing	83,659,936	-	83,659,936	98,848,589	118%
Total	417,284,375	-	417,284,375	411,573,382	

The value of imported raw materials is calculated on CIF basis.

31.03 Number of Employees :

Employee Position as at 31 December 2014

Salary Range	Office Staff		Worker	Total Employee
	Factory	Head Office		
5300	-	-	-	-
Above 5300	95	52	432	579
Total:	95	52	432	579

31.04 Capacity Utilization:

Details of Capacity has given below:

Particulars	License Capacity	Installed Capacity	Actual Production	Percentage
Sweater	3,650,000 pcs per year	2,160,000	2,100,869	97%
Spinning	6,570,000 lbs per year	6,570,000	5,253,378	79.96%



31.05 Capital Expenditure Commitment :

There was no capital expenditure commitment or contract at 31 December 2014. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2014.

31.06 Directors' Interest in Contracts with the Company :

There was no transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors.

31.07 Foreign Remittances :

No remittances was made in foreign currency on account of dividend, royalty, technical experts, professional advisor fees, interest, etc.

31.08 Related party disclosures :

i) Related party transactions :

During the year, the company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out:

a) Company under common directorship

Name of the Party	Dr. or Cr.	Nature of Transactions	Nature of Relationship	Transaction Value in Taka	
				31 Dec. 2014	31 Dec. 2013
Dragon Sweater BD. Ltd.	Dr.	Subcontract	Common Management	138,809,780	181,403,175
Imperial Sweater BD Ltd.	Dr.	Subcontract	Common Management	81,017,241	108,222,454
Total:				219,827,021	289,625,629

Name of the Party	Dr. or Cr.	Nature of Transactions	Nature of Relationship	Transactions during the Year	Outstanding as at 31st December, 2014
Dragon Sweater BD. Ltd.	Cr.	Office Rent	Common Management	1,380,000	115,000
Total:				1,380,000	115,000

No provision for bad debts was made for related party transactions since the transaction are made against contract and are regular or realised fully in subsequent years.

b) Directors' Remuneration & Fees

Name of the Party	Nature of Transactions	Nature of Relationship	Transactions during the Year	Outstanding as at 31st December, 2014
Mostafa Quamrus Sobhan	Remuneration & Fees	Chairman	240,000.00	20,000.00
Mostafa Golam Quddus	Remuneration, Fees and Factory Rent	Managing Director & Director	768,000.00	106,000.00
Fauzia Quamrun Tania	Remuneration & Fees	Director (Operation)	720,000.00	60,000.00
Total			1,728,000.00	186,000.00



ii) Particulars of Directors of Dragon Sweater & Spinning Ltd. as at 31 December 2014 :

Name of Directors	BOD of Dragon Sweater & Spinning Ltd.	Entities where they have interests
Mostafa Quamrus Sobhan	Chairman	Rupali Insurance Company Ltd. Dragon Sweater BD Ltd. CD Spinning Mills Ltd. CD Acrylic BD Ltd.
Mostafa Golam Quddus	Managing Director & Director	Rupali Insurance Company Ltd. Dragon Sweater BD Ltd. CD Spinning Mills Ltd. CD Acrylic BD Ltd. Imperial Sweater BD Ltd. Perag Socks BD Ltd.
Fazlutun Nessa	Director	Rupali Insurance Company Ltd. Perag Socks BD Ltd.
Fauzia Quamrun Tania	Director	Rupali Insurance Company Ltd. Imperial Sweater BD Ltd. Sonali Life Insurance Company Ltd
Tasnia Quamrun Anika	Director	Sonali Life Insurance Company Ltd
Shafia Sobhan Chowdhury	Director	Rupali Insurance Company Ltd. Sonali Life Insurance Company Ltd

32.00 Disclosure as per Requirement of Schedule XI, part II, para 4 of Companies act 1994 :

Payment to directors during the year from 1st January 2014 to 31st December 2014.

Director Remuneration & Fees :

Director are entitled to Tk 600 as Board Meeting fee for attending each Board Meeting as per Articles of Association. Managing Director's monthly remuneration is Tk 22,000 and Chairmans remuneration is Tk 20,000.

This is made up as follows :

Name of Board of Directors	Position	Meeting Attending Fees	Salary & Benefits	Factory Rent	Amount in Taka
Mostafa Quamrus Sobhan	Chairman	3,600	240,000	-	243,600
Mostafa Golam Quddus	Managing Director & Director	3,000	264,000	504,000	771,000
Fazlutun Nessa	Director	2,400	-	-	2,400
Fauzia Quamrun Tania	Director	3,600	720,000	-	723,600
Tasnia Quamrun Anika	Director	3,000	-	-	3,000
Shafia Sobhan Chowdhury	Director	3,600	-	-	3,600
Total		19,200	1,224,000	504,000	1,747,200

32.01 Particulars of Audit Committee :

An audit committee has been formed by the board of directors of the company in its Board Meeting held on November 6, 2010. The committee constituted with a chairman and two members. At 31st December 2014, the members of the committee were as follows:

Name	Position	Status with Committee	Educational Qualification
Mostafa Golam Quddus	Managing Director & Director	Chairman	M.Com
Fauzia Quamrun Tania	Director	Member	M.B.A
Shafia Sobhan Chowdhury	Director	Member	M.B.A



During the year ended December 31, 2014, the followings number of meetings of the audit committee held with the company's Senior Management to consider and review the company's financial statements and risk management.

Meeting	Date of meeting
1	19 March' 2014
2	29 June' 2014
3	26 August' 2014
4	25 November' 2014

32.02 Income Tax Assessment Status :

Accounting Year	Assessment Year	Assessment Status
1999-2000	2000-2001	Assessment Completed & Fully Tax Paid
2000-2001	2001-2002	Assessment Completed & Applied for Appeal
2001-2002	2002-2003	Assessment Completed & Fully Tax Paid
2002-2003	2003-2004	-do-
2003-2004	2004-2005	-do-
2004-2005	2005-2006	-do-
2006-2007	2007-2008	-do-
2007-2008	2008-2009	Assessment Completed & Applied for Appeal
2008-2009	2009-2010	-do-
2009-2010	2010-2011	-do-
2010-2011	2011-2012	-do-
2011-2012	2012-2013	Assessment is in process
2012-2013	2013-2014	-do-
2013-2014	2014-2015	-do-



DRAGON SWEATER & SPINNING LIMITED
Fixed Assets Schedule
As at 31st December 2014

Annexure-1

Amount in Taka

Particulars	Cost / Revaluation					Rate	Depreciation							Amount in Rupee		
	Cost		Revaluation	Cost & Revaluation	Balance as on 31 Dec 2014		Original Cost	Balance as on 31 Dec 2014	Revaluation Cost		Balance		Written Down Value as on 31 Dec 2014	Written Down Value as on 31 Dec 2013		
	Balance as on 1 Jan 2014	Addition during the year							Balance as on 31 Dec 2014	Revaluation Surplus	Balance as on 31 Dec 2014	Balance as on 1 Jan 2014			Charged during the year	Balance as on 31 Dec 2014
Land & Land Development	94,440,000	-	94,440,000	-	94,440,000	0%	-	-	-	-	-	-	-	-	94,440,000	94,440,000
Building	290,306,780	11,587,400	301,894,180	130,816,459	432,710,639	10%	164,552,262	13,058,260	177,610,522	35,451,260	9,536,520	44,987,780	22,594,780	222,598,303	210,112,336	221,119,716
Plant & Machinery	363,402,677	16,720,300	380,122,977	220,036,821	600,159,798	15%	264,587,882	15,658,234	280,246,116	84,906,708	20,269,517	105,176,225	35,927,751	385,422,341	214,737,457	233,944,908
Generator	23,355,200	-	23,355,200	3,845,266	27,200,466	15%	12,846,631	1,576,285	14,422,916	1,483,792	354,221	1,838,013	1,930,506	16,260,929	10,939,537	12,870,043
Boiler	6,905,512	-	6,905,512	3,968,576	10,874,088	15%	3,841,500	459,602	4,301,101	1,531,374	365,580	1,896,955	825,182	6,198,056	4,676,032	5,501,214
Washing Machine	2,100,000	-	2,100,000	177,642	2,277,642	15%	1,003,787	164,432	1,168,219	68,548	16,364	84,912	180,796	1,253,131	1,024,511	1,205,308
Weight Machine	178,000	-	178,000	-	178,000	15%	136,772	6,184	142,956	-	-	-	6,184	142,956	35,044	41,228
Cleaning Machine	5,751,000	-	5,751,000	2,703,223	8,454,223	15%	3,582,013	325,348	3,907,361	1,043,106	249,018	1,292,124	574,366	5,199,485	3,254,738	3,829,104
Transformer	3,785,000	-	3,785,000	608,628	4,393,628	10%	1,301,662	248,334	1,549,995	164,938	44,369	209,307	292,703	1,759,303	2,634,325	2,927,028
Furniture & Fixture & Decoration	3,173,737	1,467,630	4,641,367	-	4,641,367	10%	1,575,088	220,602	1,795,690	-	-	-	220,602	1,795,690	2,845,677	1,598,649
Office Equipments	427,400	1,297,420	1,724,820	-	1,724,820	10%	157,635	75,630	233,264	-	-	-	75,630	233,264	1,491,556	269,765
Cookeries	72,300	-	72,300	-	72,300	20%	47,941	4,872	52,813	-	-	-	4,872	52,813	19,487	24,359
Air Compressor	1,782,970	1,014,830	2,797,800	263,560	3,061,360	10%	951,979	116,927	1,068,906	71,425	19,214	90,638	136,140	1,159,544	1,901,816	1,023,126
Water & Gas Installation	7,000,000	-	7,000,000	830,000	7,830,000	10%	2,866,570	413,343	3,279,913	224,930	60,507	285,437	473,850	3,565,350	4,264,650	4,738,500
Computer & Accessories	1,190,000	-	1,190,000	-	1,190,000	20%	237,627	190,475	428,101	-	-	-	190,475	428,101	761,899	952,373
Telephone & PABX	23,400	-	23,400	-	23,400	10%	9,434	1,397	10,830	-	-	-	1,397	10,830	12,570	13,966
Electric Installation	5,025,478	-	5,025,478	1,295,315	6,320,793	10%	3,023,321	200,216	3,223,536	351,030	94,428	445,459	294,644	3,668,995	2,651,798	2,946,442
Fire Fighting's	5,173,100	-	5,173,100	-	5,173,100	10%	68,915	510,419	579,333	-	-	-	510,419	579,333	4,593,767	5,104,185
C.C. Camera	720,293	-	720,293	-	720,293	20%	351,503	73,758	425,261	-	-	-	73,758	425,261	295,032	368,790
Motor Vehicles	2,800,000	-	2,800,000	1,178,856	3,978,856	15%	2,381,641	62,754	2,444,395	454,891	108,595	563,486	171,349	3,007,881	970,975	1,142,323
Total Tangible Assets:	817,612,847	32,087,580	849,700,427	365,724,346	1,215,424,773		463,524,161	33,367,070	496,891,231	125,752,003	31,118,333	156,870,336	64,485,403	653,761,567	561,663,206	594,061,029
ERP Software	23,591,000	-	23,591,000	-	23,591,000	15%	12,873,883	1,607,568	14,481,451	-	-	-	1,607,568	14,481,451	9,109,549	10,717,117
Total Tangible Assets:	23,591,000	-	23,591,000	-	23,591,000		12,873,883	1,607,568	14,481,451	-	-	-	1,607,568	14,481,451	9,109,549	10,717,117

Allocation of Depreciation

Manufacturing overhead 90%

Distribution & Selling 2%

Administrative overhead 8%

Total :

Amount

58,036,862

1,289,708

5,158,832

64,485,403

Intangible Assets:

Intangible assets are being amortized @ 15% every year. During the year intangible assets is amortized by Tk. 1,607,568.



Dragon Sweater & Spinning Limited
Schedule of Bills Receivable
As at 31st December 2014

Annexure -2

<i>Amount in Taka</i>				
Particulars	Balance as on 01-01-2014	Addition during the year	Realized during the year	Balance as on 31-12-2014
Primark	65,302,243	225,901,809	149,014,582	142,189,469
Walmart	238,958,007	389,076,576	540,681,016	87,353,567
Next	44,913,543	46,783,031	70,657,408	21,039,165
Anjuu	-	36,913,509	-	36,913,509
Lidl	-	59,934,691	-	59,934,691
Sub-Total:	349,173,792	758,609,616	760,353,006	347,430,402
Marked to Market Gain/(Loss)	4,863,061	-	-	6,521,964
Total:	354,036,854	758,609,616	760,353,006	353,952,366

Dragon Sweater & Spinning Limited
Schedule of Inter-Company
As at 31st December 2014

Annexure - 3

<i>Amount in Taka</i>				
Particulars	Balance as on 01-01-2014	Addition during the year	Adjustment during the year	Balance as on 31-12-2014
Dragon Sweater (BD.) Ltd.	181,403,175	654,879,084	697,472,479	138,809,780
Imperial Sweater (BD.) Ltd.	108,222,454	45,637,223	72,842,436	81,017,241
Total:	289,625,629	700,516,307	770,314,915	219,827,021

The above Inter Company were created to procure raw materials for the company and it is also executing exports orders on behalf of the companies under the common ownership. Since, the transatcions among the companies are regular in nature and, therefore, no provision for bad debts is required.



Dragon Sweater & Spinning Limited
Schedule of Bills Payable
As at 31st December 2014

Amount in Taka

Particulars	Balance as on 01-01-2014	Addition during the year	Realized during the year	Balance as on 31-12-2014
M/S. Agami Accessories Limited	-	364,317	364,317	-
M/S. Anis Accessories and Packaging Limited	-	2,054,387	2,054,387	-
M/S. ARK Impex Limited	-	10,602,501	10,602,501	-
M/S. Beta Packaging Ltd	342,100	6,430,729	5,970,157	802,672
M/S. Bibidha Banijja Shangstha	-	772,688	772,688	-
M/S. Chishtia Spinning and Rotor Mills	-	58,920,451	58,920,451	-
M/S. Corrg Sheet Packaging Industries Ltd.	-	1,544,022	1,544,022	-
M/S. Dong Bang Dyeing Ltd.	-	14,509,993	14,509,993	-
M/S. Elfat Poly Packaging and Acc, Pvt. Ltd.	-	4,830,737	4,830,737	-
M/S. Enam Label Ltd.	-	180,040	-	180,040
M/S. Everway Yarn Dyeing Ltd.	-	26,482,828	26,482,828	-
M/S. Ideal Polymer Export Ltd.	-	1,931,268	1,931,268	-
M/S. Islam Enterprise.	-	7,897,161	7,897,161	-
M/S. Jass Accessories (BD) Limited.	-	2,699,203	2,699,203	-
Jia Shan China	-	998,659	-	998,659
Jiangsu Guo Tai Kuasheng Industries Co. Ltd.	-	5,867,318	5,867,318	-
M/S. Knit Cotton Coposite Mills Ltd.	-	72,521,130	72,521,130	-
M/S Labib Dyeing Mills Ltd.	4,006,411	21,276,509	25,282,919	-
M/S. Liberty Poly Zone	-	664,688	-	664,688
M/S. Mars Textile Limited	-	5,811,978	5,811,978	-
Marubeni Hong Kong & South China Ltd.	-	42,400,478	42,400,478	-
M/S. Masuma Khatun Textile Industries Ltd.	-	10,707,659	10,707,659	-
M/S. Melvin Accessories.	-	1,531,045	-	1,531,045
M/S. Mi Yarn Dying	-	6,170,541	6,170,541	-
M/S. Muna Enterprise	-	843,495	235,962	607,533
M/S. Nadeem International	-	10,377,147	10,377,147	-
Natco Asia Limited	-	6,954,225	6,954,225	-
M/S. Neem Accessories Limited	-	7,825,743	7,825,743	-
M/S. Nice Cotton Limited	-	51,037,511	51,037,511	-
M/S. Nova Accessories Ind. Ltd.	809,020	10,942,972	11,751,991	-
M/S. S.B. Trade International	-	772,000	-	772,000
Shaoxing Shiffon Textile Co. Ltd.	-	2,768,085	2,768,085	-
M/S. Shovon Zipper Limited	-	1,600,606	1,600,606	-
M/S. SML Packaging Solution Bangladesh Ltd.	-	108,171	-	108,171
T&T Industries Corp.	-	1,539,284	1,539,284	-
Tyco	1,515,077	-	1,515,077	-
M/S. Uniglory Paper and Packaging Ltd.	-	568,115	-	568,115
M/S. Web Coats Limited	-	4,462,531	4,462,531	-
M/S. Zara Industrial Belt and Accessories Industry	-	6,345,933	6,345,933	-
Sub-Total:	6,672,608	413,316,145	413,755,831	6,232,922
Marked to Market Gain/(Loss)	78,065	-	-	74,644
Total:	6,750,672	413,316,145	413,755,831	6,307,567



Dragon Sweater & Spinning Limited

Auditors' Report under section 135(1) and paragraph 24(1) of Part -II of the Third Schedule of the Companies Act 1994.

We have compiled the accompanying statements of M/s. Dragon Sweater & Spinning Limited. U/S 135 (1) and Para 24 (1) Part II of the Third Schedule of Companies Act 1994. The statement comprise of the financial information for year ended 31 December 2014, 2013, 2012, 2011 and 2010 audited by Ahmad & Akhtar, Chartered Accountants. Our report is as under:

1. Dragon Sweater & Spinning Limited was incorporated on 16 June' 1999.
2. The financial position of the Company over the last 5 years is as follows:

A. Statement of Assets and Liabilities of the Company is as under :

Amount in Taka

ASSETS	31-12-2014	31-12-2013	31-12-2012	31-12-2011	31-12-2010
Non-Current Assets:	612,600,624	604,778,145	653,210,334	734,862,439	828,325,876
Property, Plant & Equipment	561,663,206	594,061,029	640,601,961	720,029,060	810,874,841
Intangible Assets	9,109,549	10,717,117	12,608,373	14,833,380	17,451,035
Capital Works-in-Progress	41,827,868	-	-	-	-
Current Assets:	1,012,229,333	1,043,921,789	718,593,315	506,353,499	394,538,766
Short-Term Investment in FDR	4,625,032	4,234,065	3,829,650	3,447,227	3,194,649
Inventories	204,386,632	215,738,697	137,439,749	130,063,180	132,788,932
Bills Receivable	573,779,387	643,662,483	558,733,777	342,634,562	235,178,133
Advance, Deposit & Pre-payment	38,794,057	21,431,607	2,845,836	14,641,427	13,882,291
Cash and Cash Equivalents	190,644,226	158,854,936	15,744,303	15,567,103	9,494,761
Total Current Assets	1,624,829,957	1,648,699,934	1,371,803,649	1,241,215,938	1,222,864,642
TOTAL ASSETS	1,624,829,957	1,648,699,934	1,371,803,649	1,241,215,938	1,222,864,642
EQUITY AND LIABILITIES					
Shareholder's Equity:	1,127,494,829	1,044,125,563	757,348,770	677,161,755	613,534,169
Share Capital	600,000,000	600,000,000	287,160,000	287,160,000	95,720,000
Retained Earnings	318,640,820	204,153,222	194,244,208	72,445,363	152,089,822
Revaluation Reserve	208,854,009	239,972,341	275,944,562	317,556,392	365,724,346
Non-Current Liabilities:	413,777,357	457,625,658	389,474,445	529,266,937	318,812,142
Long Term Loan Net of Current Portion	413,777,357	457,625,658	389,474,445	529,266,937	318,812,142
Current Liabilities:	83,557,771	146,948,712	224,980,434	34,787,246	290,518,331
Bills Payable	6,307,567	6,750,672	5,841,535	3,855,266	8,560,131
Liabilities for Expenses	6,151,431	9,781,249	11,634,699	7,458,017	11,500,549
Short Term Loan	-	-	-	-	143,258,513
Long Term Loan Current Portion	37,617,189	110,726,617	194,737,222	-	106,270,714
Provision for Income Tax	33,481,584	19,690,173	12,766,978	23,473,964	20,928,425
Total Liabilities	497,335,128	604,574,370	614,454,879	564,054,183	609,330,473
TOTAL EQUITY AND LIABILITIES	1,624,829,957	1,648,699,934	1,371,803,649	1,241,215,938	1,222,864,642
Net Assets Value (NAV) per share	18.79	17.40	26.37	23.58	64.10
Adjusted Net Assets Value (NAV) per share	18.79	17.40	12.62	11.29	10.23

B. Statement of operating result of the Company is as follow :

Amount in Taka

	31-12-2014	31-12-2013	31-12-2012	31-12-2011	31-12-2010
Sales	766,817,162	758,931,300	689,434,887	639,122,892	535,433,844
Cost of goods sold	(558,661,531)	(555,591,719)	(498,006,379)	(459,948,044)	(391,637,057)
Gross Profit	208,155,631	203,339,581	191,428,508	179,174,849	143,796,787
Operating expenses	(60,490,312)	(60,537,477)	(55,964,173)	(60,514,198)	(49,159,350)
Operating income	147,665,319	142,802,104	135,464,335	118,660,651	94,637,437
Financial expenses	(59,899,991)	(59,159,044)	(54,947,531)	(56,306,377)	(71,838,425)
Net operating income	87,765,328	83,643,061	80,516,804	62,354,274	22,799,012
Non-operating income	12,599,125	14,039,932	5,606,949	6,788,103	5,479,248
Net Profit before Contribution to WPPF	100,364,453	97,682,993	86,123,754	69,142,376	28,278,260
Worker's Profit Participation fund (WPPF)	-	(3,983,003)	(3,834,134)	(2,969,251)	(1,085,667)
Net profit before tax	100,364,453	93,699,990	82,289,620	66,173,125	27,192,593
Tax Paid under Section 82 C	(4,866,099)	-	-	-	-
Provision for taxation	(6,415,691)	(6,923,195)	(2,102,606)	(2,545,539)	(2,054,718)
Profit after tax	89,082,663	86,776,795	80,187,014	63,627,587	25,137,875
Basic Earnings per Share	1.48	2.87	2.79	6.65	135.11
Adjusted Earnings per Share	1.48	1.45	1.34	1.06	0.42



Dragon Sweater and Spinning Limited

C. Dividend Declared:

Cash dividend-%

Stock dividend (Bonus shares) %

31-12-2014	31-12-2013	31-12-2012	31-12-2011	31-12-2010
-	-	-	-	-
-	-	39.30	200.00	-

D. The company was incorporated on 16 June 1999;

E. The Statement of Assets and Liabilities (Statement of Financial Positions) as at 31 December 2014, 31 December 2013, 31 December 2012, 31 December 2011 and 31 December 2010 of the Company has been duly certified by us;

F. The Statement of Operating Results (Statement of Profit or Loss and Other Comprehensive Income) for year ended 31 December 2014, 31 December 2013, 31 December 2012, 31 December 2011 and 31 December 2010 of the Company has been duly certified by us;

G. The Company has no subsidiaries;

H. No proceeds or part of proceeds of the issue of shares were applied directly or indirectly by the company in the purchase of any other business;

I. The financial statements for the year ended 31 December 2014, 2013, 2012, 2011 and for the year ended 31 December 2010 of the Company has been duly certified by us;

J. Figures related to previous years have been rearranged wherever considered necessary.

Date : April 15, 2015

Place : Dhaka

Sd/-

Shiraz Khan Basak & Co.
Chartered Accountants



Dragon Sweater & Spinning Limited
Statement of Ratio Analysis
For the years ended 31 December 2014, 2013, 2012, 2011 and 2010

This is to certify that Dragon Sweater & Spinning Limited has maintained the following ratios as computed on the basis of the audited financial statements for the year ended 31 December 2014, 2013, 2012, 2011 and 2010:

Name of Ratio	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
	Ratio				
i. Liquidity Ratios					
a. Current Ratio (Times)	12.11	7.10	3.19	14.56	1.36
b. Quick Ratio (Times)	9.20	5.49	2.57	10.40	0.85
c. Time Interest Earned Ratio (Times)	2.47	2.41	2.47	2.11	1.32
d. Debt-Equity Ratio (Times)	0.40	0.54	0.77	0.78	0.69
ii. Operating Ratios					
a. Bills Receivables Turnover Ratio (Times)	1.26	1.26	1.53	2.21	3.38
b. Inventory Turnover Ratio (Times)	2.66	3.15	3.72	3.50	3.27
c. Assets Turnover Ratio (Times)	0.47	0.50	0.53	0.52	0.58
iii. Profitability Ratios					
a. Gross Margin Ratio (%)	27.15%	26.79%	27.77%	28.03%	26.86%
b. Operating Income Ratio (%)	19.26%	18.82%	19.65%	18.57%	17.67%
c. Net Income Ratio (%)	11.62%	11.43%	11.63%	9.96%	4.69%
d. Return on Assets Ratio (%)	5.44%	5.75%	6.14%	5.16%	2.73%
e. Return on Equity Ratio (%)	8.20%	9.63%	11.18%	9.86%	6.79%
f. Earning Per Share (Basic EPS)	1.48	2.87	2.79	6.65	135.11
g. Adjusted Earning Per Share	1.48	1.45	1.34	1.06	0.42

The detail calculation is presented in Annexure-1.

Date : April 15, 2015
Place : Dhaka

Sd/-
Shiraz Khan Basak & Co.
Chartered Accountants



Dragon Sweater & Spinning Limited

Schedule of Common Ratio Analysis

As at 31st December 2014

Annexure - 1

Name of Ratio		31 Dec. 2014 Taka		31 Dec. 2013 Taka		31 Dec. 2012 Taka		31 Dec. 2011 Taka		31 Dec. 2010 Taka	
		Calculation	Result	Calculation	Result	Calculation	Result	Calculation	Result	Calculation	Result
i. Liquidity Ratios											
a. Current Ratio (Times)	=	Current Assets	1,012,229,333	12.11	1,043,921,789	718,593,315	3.19	506,353,499	14.56	394,538,766	1.36
		Current Liabilities	83,557,771		146,948,712	224,980,434		34,787,246		290,518,331	
b. Quick Ratio (Times)	=	Current Assets - Inventory - Advance, Deposits & Pre-payment	769,048,644	9.20	806,751,484	578,307,730	2.57	361,648,892	10.40	247,867,543	0.85
		Current Liabilities	83,557,771		146,948,712	224,980,434		34,787,246		290,518,331	
c. Time Interest Earned Ratio (Times)	=	Operating Profit	147,665,319	2.47	142,802,104	135,464,335	2.47	118,660,651	2.11	94,637,437	1.32
		Interest Expenses	59,899,991		59,159,044	54,947,531		56,306,377		71,838,425	
d. Debt-Equity Ratio (Times)	=	Total Debt	451,394,546	0.40	568,352,276	584,211,667	0.77	529,266,937	0.78	425,082,856	0.69
		Total Shareholder's Equity	1,127,494,829		1,044,125,563	757,348,770		677,161,755		613,534,169	
ii. Operating Ratios											
a. Receivables Turnover Ratio (Times)	=	Sales	766,817,162	1.26	758,931,300	689,434,887	1.53	639,122,892	2.21	535,433,844	3.38
		Average Accounts Receivable+Average Sundry Debtors	608,720,935		601,198,130	450,684,169		288,906,347		158,448,835	
b. Inventory Turnover Ratio (Times)	=	Cost of goods sold	558,661,531	2.66	555,591,719	498,006,379	3.72	459,948,044	3.50	391,637,057	3.27
		Average Inventory	210,062,665		176,589,223	133,751,465		131,426,056		119,666,325	
c. Total Assets Turnover Ratio (Times)	=	Sales	766,817,162	0.47	758,931,300	689,434,887	0.53	639,122,892	0.52	535,433,844	0.58
		Average Total Assets	1,636,764,945		1,510,251,792	1,306,509,794		1,232,040,290		919,402,905	
iii. Profitability Ratios											
a. Gross Margin Ratio (%)	=	Gross Profit	208,155,631	27.15%	203,339,581	191,428,508	27.77%	179,174,849	28.03%	143,796,787	26.86%
		Sales	766,817,162		758,931,300	689,434,887		639,122,892		535,433,844	
b. Operating Income Ratio (%)	=	Operating Profit	147,665,319	19.26%	142,802,104	135,464,335	19.65%	118,660,651	18.57%	94,637,437	17.67%
		Sales	766,817,162		758,931,300	689,434,887		639,122,892		535,433,844	
c. Net Income Ratio (%)	=	Profit after Tax	89,082,663	11.62%	86,776,795	80,187,014	11.63%	63,627,587	9.96%	25,137,875	4.69%
		Sales	766,817,162		758,931,300	689,434,887		639,122,892		535,433,844	
d. Return on Assets Ratio (%)	=	Profit after Tax	89,082,663	5.44%	86,776,795	80,187,014	6.14%	63,627,587	5.16%	25,137,875	2.73%
		Average Total Assets	1,636,764,945		1,510,251,792	1,306,509,794		1,232,040,290		919,402,905	
e. Return on Equity Ratio (%)	=	Profit after Tax	89,082,663	8.20%	86,776,795	80,187,014	11.18%	63,627,587	9.86%	25,137,875	6.79%
		Average Shareholder's Equity	1,085,810,196		900,737,167	717,255,262		645,347,962		370,393,058	
f. Earning Per Share (Basic EPS)	=	Profit after Tax	89,082,663	1.48	86,776,795	80,187,014	2.79	63,627,587	6.65	25,137,875	135.11
		Number of share	60,000,000		30,193,830	28,716,000		9,572,000		186,049	
f. Earning Per Share (Basic EPS)	=	Profit after Tax	89,082,663	1.48	86,776,795	80,187,014	1.34	63,627,587	1.06	25,137,875	0.42
		Number of share	60,000,000		60,000,000	60,000,000		60,000,000		60,000,000	



Auditors Additional Disclosure

Auditors' additional disclosures required to submit and incorporating in the prospectus:

Query:

It appears from the audited financial statement that among other directors, Mrs. Fauzia Quamrun Tania, Director and Mr. Mostafa Quamrus Sobhan, Chairman, were paid Tk. 720,000.00 and Tk. 240,000.00 as director remuneration. Justification for such payment is to be disclosed;

Auditors' response to the above:

The Board of Directors of the company appointed Mrs. Fauzia Quamrun Tania, Director as full time employees vide Board of Directors resolution dated on December 22, 2010 and appointment dated on December 25, 2010 with a consolidated remuneration of Tk. 60,000.00 per month in addition to her directorship in the company. The remuneration was fixed as per her involvement in the business of the company. It is further mentioned that Mr. Mostafa Quamrus Sobhan also appointed Director as full time employee since the inception of the Company with a consolidated remuneration of Tk. 20,000.00 per month in addition to his directorship in the Company. Remuneration of Mrs. Fauzia Quamrun Tania may not be equal to the remuneration of the Chairman and other employee of the company.

Query:

It appears that EPS shown in the audited financial statement for the year 2009 differs with that shown in the audited financial statement for the year 2010 and that shown in the auditor's report under section 135(1) and paragraph 24(1) of part-II of the Third Schedule of the Companies Act 1994 Explanations in this regard are required;

Auditors' response to the above:

The EPS Tk. 8,128.00 in the year ended on 31-12-2009 of the audited financial statements was calculated considering 3,000 ordinary shares outstanding. The number of shares was increased to 95,72,000 by cash allotment 98,000 and allotment through land 94,44,000 dated on 29-12-2010 and 26-12-2012 respectively. Thus, considering the above allotments, the weighted average number of shares outstanding stands at 186,049 as at December 31, 2010. The re-stated EPS was corrected in the Statement of Comprehensive Income for year ended December 31, 2009 at Tk. 8,128 instead of EPS Tk. 131.07 also the note 24 along with comparative year ended on December 31, 2010. The Auditors report under section 135(1) and paragraph 24(1) of part-II of the Third Schedule of the Companies Act 1994 is now similar with Financial Statements during year ended on December 2009 including the comparative year ended on December 31, 2010.

Query:

Information regarding 'sundry debtors' as per the provision of Section 103 of the Companies Act, 1994 are to be disclosed;

Auditors' response to the above:

The transactions which were made under the head Sundry Debtors are happened in normal course business and are not loan or guarantee or security made to the companies under common ownership which are needed to be disclosed under Section 103 of the Companies Act 1994. The movements of the transactions were shown under Annexure- 4 considering the transactions as Related Party as per BAS -24 "Related Party Disclosures. The company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures". Total transactions of the related party as of 31st December, 2014 are as follows:

Particulars	Balance as on 01-01-2014	Addition during the year	Adjustment during the year	Balance as on 31-12-2014
Dragon Sweater (BD.) Ltd.	181,403,175	654,879,084	697,472,479	138,809,780
Imperial Sweater (BD.) Ltd.	108,222,454	45,637,223	72,842,436	81,017,241
Total:	289,625,629	700,516,307	770,314,915	219,827,021

**Query:**

It has been learnt that the issuer company has appealed against the claims (including interest for delay submission of return for assessment year 2011-2012) of assessment orders of the assessment years 2009-2010, 2010-2011 and 2011-2012. It is required to confirm as to whether any payment or provision was made for such claims. If not, it is also required to provide rationales for making no provision. If provision required, it is required to ascertain its consequences as well as accounting treatments;

Auditors' response to the above:

The company has disclosed a contingent liability amount Tk. 2,502,433 for the year ended 2009-2010, 2010-2011 and 2011-2012 in the Financial Statement as at 31 December, 2014 charged against delay submission of return, interest and excess assessment over the provision which under appeal. If claim arise NAV will be reduce by 0.04.

Query:

Disclosures regarding 'last three years adjustment' under the head of 'retained earnings' are required;

Auditors' response to the above:

Provision for taxation for the year 2011, 2012 and 2013 was corrected and adjusted with provision for taxation and retained earnings in the financial statement during the year ended 31 December 2014.

Query:

It appears from note 17.01 to the audited F/S for the year ended 31/12/2014 that payment of Tk. 47.60 lakh from WPPF is higher than the provision made during the period. As such, it is required to confirm as to whether such payment was made as per section 234, 235, 240, 242 & 243 of the Bangladesh Labor Act, 2006 and its amendment 2013;

Auditors' response to the above:

The outstanding amount of WPPF for the year 2013 includes the provision for the year 2013 and outstanding of 2012 were fully paid in the year 2014 because of omission of the law of WPPF from the Bangladesh Labor Act, 2006 and its amendment 2013;

Query:

It appears from the note No. 21.02 to the audited F/S for the year ended 31/12/2014 that expenditure on account of insurance was not expended during the period. In this regard, an explanation is required to disclose;

Auditors' response to the above:

In the year 2005 the company paid insurance as advance for the year 2006, but mistakably the advance insurance was charged as insurance expenses in the year 2005 and this mistake was continued till the year 2013. Now, the company made a correction regarding insurance expenses in the accounts of year 2014; as a result in the year 2014, no insurance expenses was charged.

Query:

It is required to confirm how bills receivable were adjusted during the period (note No. 9.00 to audited F/S);

Auditors' response to the above:

We have verified the bank collection copy along with bank certificate of bills receivable that is supplied by the company and found the collection accurate as per note no. 9.00 of the audited financial report.

Query:



It is required to submit a compliance report regarding cash transactions as per condition of capital raising consent letter;

Auditors' response to the above:

Complying the cash transactions provision mentioned in the capital raising consent letter, the company made cash transactions for petty cash and wages for to labors only.

Query:

Disclosure regarding aging, current status of 'advance salary to staff' and 'advance for firefighting' (note No.10.01 to the audited F/S) are required;

Auditors' response to the above:

Aging current status of 'advance salary to staff' and 'advance for firefighting' is given below:

Particulars	3Month	6Month	12Month	18Month	Total
Advance Staff Salary	2,255,637	5,037,851	1,274,412	-	8,567,900
Advance for Firefighting	1,085,600	5,000,000	-	11,875,000	17,960,600

Query:

Disclosure regarding adjustment in retained earnings is required;

Auditors' response to the above:

Retained earnings is adjusted due to two reasons one of them is adjustment for correction of last three years provision for taxation for an amount of Tk. 7,375,719 (Seventy Three Lac Seventy Five Thousand Seven Hundred Nineteen) and another one is other comprehensive income or unrealized gain for marked to market that is included previous year for an amount of Tk. 4,784,998 (Forty Seven Lac Eighty Four Thousand Nine Hundred and Ninety Eight).

Query:

It is required to confirm how inter-company transaction is adjusted;

Auditors' response to the above:

The transactions were made through back to back L/C and received through back to back L/C s'. The L/C s' realization were received through banking Chanel.

Query:

It is required to disclose detailed information regarding perquisite, benefit in cash or kind as per Schedule XI, Part-II, 4(f) of the Companies Act, 1994:

Auditors' response to the above:

Information regarding perquisites, benefit in cash or kinds as per schedule XI, part II, 4(f) in the Companies Acts, 1994 has disclosed in details in the financial statements of 2014. Except those mentioned in the financial statement, no other benefits were received by any of them in cash or kinds.

Query:

It is required to confirm after verification of documents that cash received (note No. 27 to the audited F/S) is actual receipt from customers.

Auditors' response to the above:

We have already mentioned that bills receivable received and inter-company received through verifying the bank collection copy, bank certificate and bank statement that is supplied by the company, is found accurate which is stated in the note no. 9.00 and 27.00.

Disclosure:



Details Breakdown of Tax Provision is given below:

Provision for Taxation:	2013	2012	2011
This represents amount provided on Business and Non-Business income as per Income Tax Law.			
Total Income before Tax:	93,699,990	82,289,620	66,173,125
Less: Non-Operating Income for separate consideration:			
1. Interest on FDR	449,349	382,423	278,131
2. Interest on SND	642,885	-	-
3. Exchange gain	3,430,810	-	-
4. Scrap Sales	4,731,890	5,224,526	6,509,972
	9,254,934	5,606,949	6,788,103
Income from Business:	84,445,056	76,682,671	59,385,022
82 C Income @ 10%	47,391,480	46,995,270	533,583
82 C (6) Income @ 10%	37,053,576	29,687,401	5,404,919
Interest on FDR @ 37.5%	449,349	382,423	104,299
Interest on SND @ 37.5%	642,885	-	-
Exchange Gain/Loss @ 10%	3,430,810	-	-
Scrap Sales @10%	4,731,890	5,224,526	650,997
	9,670,363	8,334,128	6,693,799
Less: Tax Provision Created during the year	(6,923,195)	(2,102,606)	(2,545,539)
Less: Tax deduction at source from eport proceeds	(4,739,148)	(478,500)	(533,583)
	(1,991,980)	5,753,022	3,614,677

Disclosure:

Comparative information has been disclosed in respect of the year 2014 for all numerical information in the financial statements and also narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2013 have been re-arranged wherever considered necessary to endure better comparability with the current year.

Disclosure:

Total advance income tax during the year included in Advance, Deposit & Pre-payment note # 10 in the financial statement for the year 2014 was amounting to Tk. 479,130/= out of which Tk. 400,298/= were paid from SND interest and remaining Tk. 78,832/= were paid against FDR interest.

Disclosure: Breakup of Land & Land Development:

Breakup of Land & Land Development is as follows:

Land	Tk.	94,440,000
Land Development	Tk.	-
Total Land & Land Development	Tk.	94,440,000

Thus Head of Accounts named Land & Land Development but no land development were done.

Disclosure: Disclosure regarding impairment test:

No impairment test was done and no impairment expenses were incurred during the year 2014.

Disclosure: Disclosure regarding increase in financial expenses against decrease in long-term loan:

Due to repayment of outstanding and regular loan installment paid in the year 2014 along with overdue interest payment, the financial expense has been a little bit increase in 2014 in comparison with 2013.

Disclosure: Disclosure regarding 'advance for firefighting' and current status

Management of the company has been issued a work order and made advance to Trizone FPS (BD) Limited for Fire Fighting for modernized the firefighting system of the factory. As per ACCORD it is mandatory to comply all the safety measure. Firefighting system to be implemented in all of the location of the factory and it takes time more than normal due to existing running factory.. Management of the company hopes that all of the work of Firefighting System will be completed within six months.

Disclosure: Disclosure regarding the interest.

There is no amount of interest is outstanding as on 31st December, 2014.

**Disclosure: Disclosures regarding other income.**

Other incomes have been received within the accounting period.

Disclosure: Disclosures regarding advance against salary and its current status.

Disclosures regarding advance against salary as on 30th November' 2015.

Opening Balance as on 1st January' 2015	8,567,900
Addition during the period	603,400
	9,171,300
Adjustment during the period	(1,356,750)
Closing Balance as on 30th November 2015	7,814,550

Aging current status of Advance Salary to office staff:

Particulars	3Month	6Month	12Month	18Month	Total
Advance Staff Salary	215,400	388,000	2,255,637	4,955,513	7,814,550

Disclosure: Disclosure regarding Capital work in progress and current status,

Works for Building, Security Building, Drain line, Water Tank have been completed. ETP work is running.

Disclosure: Disclosure regarding section of WPPF.

As per Subsection 3 of Section 232 of Bangladesh Labor Laws (Amendment) 2013

“in case of a 100% export oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector based central fund comprising of buyers and owners, from a Board to execute that fund, determine contributions and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector.”

Disclosure: Disclosure regarding long term loan current portion in cash flow statement shows Tk.(73,109,428) does not match with note no.15 Tk. (176,845,995).

The amount shown in the cash flow statement for long term loan current portion shown net amount paid during the year for long term loan current portion, where as in the note no.15 Less: Paid during the year Tk. (176,845,995) is the sum total bank loan paid during the year including interest payment. Detail workings are as follows:

Loan paid for current portion	73,109,428
Loan paid for Net of current portion	43,848,301
Interest paid	59,888,266
Total Loan paid during the year 2014	176,845,995

Disclosure: The factory of the Issuer Company and CD Acrylic Bangladesh Limited are in the same boundary.

Response to the above: The possession and control of 171 decimal lands of Dragon sweater & spinning limited is lying with the company itself. Both the companies are operated and controlled in a separate possession of land under the company's own control. CD Acrylic Bangladesh Limited own total 375 decimal land itself, which is demarcated by the internal road. Both the companies operated in the same boundary to get good control over the security and make ease of access of the transportation facilities in the factory premises.

Sd/-
Siraz Khan Basak & Co.
Chartered Accountants



SECTION XV: INFORMATION INCLUDED AS PER SEC'S NOTIFICATION NO. SEC/CMRRCD/2008/115/ADMIN/30 DATED OCTOBER 05, 2011.

1. Earning Per Share (EPS) on fully diluted basis (the total existing no. of shares):

Particulars	Amount in Taka
Net Profit after Tax	89,082,663
No. of shares before IPO	60,000,000
Earnings per share (EPS) on fully diluted basis	1.48

2. Net Profit Excluding Extra-Ordinary Income Or Non-Recurring Income Coming From Other than Core Operation:

Particulars	Amount in Taka
Net profit before Tax	100,364,453
Less: Other Income	12,599,125
Net profit before tax except other income	87,765,328
Less: Provision for Taxation	11,281,790
Net profit after tax except other income	76,483,537

3. Earning Per Shares Excluding Extra-Ordinary Income Or Non-Recurring Income Coming From Other than Core Operation:

Particulars	Amount in Taka
Net profit before Tax	100,364,453
Less: Other Income	12,599,125
Net profit before tax except other income	87,765,328
Less: Provision for Taxation	11,281,790
Net profit after tax except other income	76,483,537
No. of shares before IPO	60,000,000
Earnings per share (EPS) on fully diluted basis	1.27

4. Net Asset Value Per Share:

- Net asset Value with Revaluation Reserve based on fully diluted basis:
- Net asset Value without Revaluation Reserve based on fully dilutedbasis:

Particulars	Amount in Taka
Share Capital	600,000,000
Retained Earnings	318,640,820
Revaluation Reserve	208,854,009
Total Shareholders' Equity (With Revaluation Reserve)	1,127,494,829
Total Shareholders' Equity (Without Revaluation Reserve)	918,640,820
Total Number of Ordinary Share	60,000,000
a) Net assets Value (NAV) at BDT 10.00 per share with Revaluation Reserve	18.79
b) Net assets Value (NAV) at BDT 10.00 per share without Revaluation Reserve	15.31



SECTION-XVI : IPO APPLICATION PROCESS

Step-1 (Applicant)

28. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25th (twenty fifth) working day** from the date of publication of abridged version of prospectus.
29. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
- c) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
 - d) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

Step-2 (Intermediary)

30. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely “Public Issue Application Account”. The Stockbroker/Merchant Banker shall:
- d) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
 - e) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the “Public Issue Application Account” maintained with its bank within the first banking hour of **next working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker’s own portfolio, the application amount should also be transferred to the “Public Issue Application Account”;
 - f) instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.
31. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
32. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant’s particulars.
33. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and **within 03 (three) working days** from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde ‘~’ separator) format, the certificate(s) issued by its banker, the drafts received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.



34. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
35. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

Step-3 (Issuer)

36. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
37. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.
38. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.
39. The Issuer and the issue managers shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
40. The Issuer and issue managers shall arrange posting the lottery result on their websites within **06 (six) hours** and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
41. Within **02 (two) working days** of conducting lottery, the Issuer shall:
- e) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
 - f) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
 - g) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
 - h) send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

Step-4 (Intermediary)

42. **On the next working day**, Exchange shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:
- c) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
 - d) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;
43. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:
- c) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;



- d) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.
44. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.
45. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk.5.00 (five) per withdrawal.
46. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 (ten) working days from the date of lottery.

Miscellaneous:

47. The Issuer, Issue manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.
48. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
49. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
50. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.
51. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
52. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.
53. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
54. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

All eligible Stock Brokers and Merchant Bankers shall receive the IPO subscription.



APPLICATION FORM

"শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

APPLICATION FOR PUBLIC ISSUE

Name of applicant	:																
Client Code	:																
BO ID No.	:																
Category of applicant	:																
Name of the Company	:																
Number of Shares	:	 Shares of Tk..... each.															
Total amount in Tk.	:																
Amount in word	:																

Applicants

Authorized Officer



SECTION-XVII: MANAGEMENT DISCLOSURE

Query: It appears that the issuer company purchases spinning from a non-listed company namely 'CD Spinning Mills Ltd.' which is one of the shareholders of the issuer company and a 100% common directorship company. You are requested to explain as to how the price has been fixed and disclose the advantages and disadvantage fully;

Our Response:

Dragon Sweater & Spinning Limited carried out the above transactions at an arm's length basis with a view to stream line the production lead time and to take competitive advantage of prices of spinning. Since, the two factories are in one premises, the company could ensure immediate supply, least transportation costs, save production lead time and ensure delivery of raw materials in due time. Since, the two companies are in the same premises buyers can also check easily the quality of spinning. The company can also minimize remote changes of spinning prices with other local and international market. CD Spinning Mills Ltd can only supply woolen acrylic blended yarn and cotton acrylic blended yarn other than the 100% acrylic blended yarn. To mitigate the shortage of supply of spinning the company is also buying the spinning from other local and international sources.

Query: As per capital raising consent No. SEC/CI/CPLC-335/2012/1057 dated 29/01/12 (condition No. 5), all transactions except petty cash expenditures are to be effected through company's bank account. But it appears from note-11.00 to the audited financial statement for the year ended on 31/12/2014 that Tk. 2.67 crore has been shown as 'cash in hand'. As such, cash in hand of Tk. 2.67 crore seems to be violation of the above condition of the consent letter of the Commission. In this regard, explanation from the issuer company is required;

Our Response:

Our all transactions are made through company's bank account except petty cash. A cheque amount of Tk. 2,15,80,000.00 was issued dated on December 30, 2014 in favor of Bank Asia Ltd for repayment of workers salary, overtime and local purchase. Since, the cheque was not cleared until December 31, 2014 because of the closing date of bank transactions the amount was shown in cash hand. This was a book adjustment and was not a financial transaction which could violate the condition of the consent "No. SEC/CI/CPLC-335/2012/1057 dated 29/01/12 (condition No. 5), all transactions except petty cash expenditures are to be effected through company's bank account".

Query: It appears from reply dated 04/12/13 that factories of the issuer company and that of 'CD Acrylic Bangladesh Limited' are in the same premise. It is required to disclose the information regarding the possession and control of 171 decimal lands of the Issuer Company and agreements with CD Acrylic BD. Ltd. if any;

Our Response:

The possession and control of 171 decimal lands of Dragon Sweater & Spinning Limited is lying with the company itself. CD Acrylic Bangladesh Limited is operated and controlled in a separate possession of land under the company's own control and management. The whole projects' lands of DSSL and CD Acrylic Bangladesh Limited are secured by single surrounding walls and operated in the same premises to get good control over the security and make ease of access of the transportation facilities in the factory premises. Therefore, no separate agreement is made between the companies for utilization of land of each other company.

Query: It appears from the draft prospectus (pg 43) that Mr. Mostafa Quamrus Sobhan, Chairman of the issuer company, has acquired 77.34 lakh ordinary shares valued at Tk. 7.73 crore from the issuer company through transfer of only 133 decimal lands purchased with price of Tk. 0.12 crore on an average (Tk.0.19 crore/205 decimal land) by Mr. Sobhan within 2 years before such transfer. It is required to disclose the basis of 64.42 times higher pricing within 2 years;



Our Response:

The basis of increasing of land prices by 64.42 times higher than the cost of the land within 2 years after acquisition by Mr. Mostafa Quamrus Sobhan are as under:

Mr. Mostafa Quamrus Sobhan, Chairman of the issuer company purchased 205 decimal land which was a dead-cannel at an amount of Tk. 0.19 crore. The land is located just beside the Dhaka-Chittagong highway. The owner subsequently raised the land through send filling, brought up the land to the Dhaka-Chittagong highway road level. He also arranged essential gas and electrical connections, also established essential transportation facilities throughout the land and extended the roads upto the Dhaka-Chittagong highway level, constructed boundary walls surrounding the area of the lands for using the land for the factory industrial purposes. As a result the prices of the land sharply rise in the area which might be equal or even higher than existing selling prices of the land. Existing and newly established industries in the surrounding areas of the highway also creates additional demand for lands in the area which also contributes to enhance the land prices sharply. The prices of lands were made on an arms-length basis considering the prevailing current market price in the area. The justification of the selling price of the land was made by the owner by scrutinizing the surveyor reports and documents of surveyor and other available information regarding current market price of land in the area.

Query: Disclosures regarding contingent liability for tax appeal against the claims (including interest for delay submission of return for assessment year 2011-2012) of assessment orders of the assessment years 2009-2010, 2010 -2011 and 2011-2012 as per rule 8(B)(7)(10) of the ‘Securities and Exchange Commission (public Issue) Rules-2006’ are required;

Our Response:

We have disclosed a contingent liability amount Tk. 2,502,433 in the Financial Statement as at 31 December, 2014 charged against delay submission of return, interest and excess assessment over the provision which under appeal.

Query: It appears that the issuer company has idle money amounting TK 19.06 crore on account of cash & cash equivalent and investment in SND. As such, it is required to explain why the issuer company is going for IPO instead of utilizing TK 19.06 crore for expansion;

Our Response:

To increase production capacity, we have taken initiative for expansion program and reserve this fund to complete expansion program in the stipulated time. In the meantime we have invested more than Tk. 9.00 crore for capital expenditure and the fund balance stood Tk. 9.9 crore as on 31st December, 2014. The remaining fund will be use within the shorter period of time.

Query: Disclosures regarding decrease in operation ratios and profitability ratios (ROA & ROE) are required;

Our Response:

We have increased our equity to increase of assets. Assets also increase through revaluation. Our sales have been increased and accounts receivable increase in same line. We have also kept sufficient level of inventory for smooth operation and deliver the buyers order in due time. Assets and equity has increase in a large volume, profit does not increase in same line due to increased capacity and balancing not yet complete. That's why our operating ratio and profitability ratio (ROA & ROE) has decrease. We are trying to utilize our resources in a manner where profitability will be increased and as well as relevant ratio will go in better bench mark.

Query: Disclosures regarding unusual high EPS in the year 2010 and 2009 required;



Our Response:

Share Capital of the Company was Tk. 300,000 and TK. 95,720,000 respectively in the year 2009 and 2010 and face value per share was Tk. 100.00 which is small comparing to the year 2011, 2012, 2013 and 2014 that's the only reason for unusual high EPS in the year 2010 and 2009. If the face value per share will be Tk. 10 in the year 2009 and 2010 the EPS will stand at 812.80 and 747.10 respectively.

Query: It appears from note no. 6.00 to the audited F/S for the year ended on 31 December 2014 that TK 4.18 crore of 'capital works in progress have been expended for building construction. Breakdown of this 'capital works in progress is required to disclose. It is required to confirm whether cost of this building construction are included or not in TK. 18.31 crore of IPO proceeds to be utilized for 'building & other civil constructions'

Our Response:

Capital work in progress for building is the renovation work for tiles work for the existing factory building. The tiles work is going for 223,602 sft. area @ Tk.155.00 (approximate). All the work in progress will be transferred to assets after completion of the work.

The cost of this said 'building & other civil constructions' is not included in Tk. 18.31 crore of IPO proceeds.

Query: It appears that Mr. Mostafa Quamrus Sobahan, Director, and Mrs. Fauzia Quamrun Tania, Director, transferred a portion of their land to the issuer company. As such, disclosures from the issuer company and issue manager regarding possessions, usages, Status of the said land are required;

Our Response:

Issue Manager's Disclosure: The factory is well situated at Miah Bazar, Comilla. Total 171 decimal demarcated land of the factory area. Out of 171 decimal lands, 33 decimal lands were used for factory and administrative building. Rest of the 138 decimal of land is vacant. This vacant land Company has planned to use for construction of a seven storied building and other utilities.

Issuer Company's Disclosure: The Company procured land from Mr. Mostafa Quamrus Sobahan, Chairman, and Mrs. Fauzia Quamrun Tania, Director in the year 2010. Total purchased area of land is 171 decimal of which 33 decimal of land has used for factory and administrative building, rest of the 138 decimal of land is vacant. The Company have planned to use this vacant land for construction of a seven storied building and other utilities.

Query: It appears from 5 year Statement of financial position that inventories increased Significantly in years 2013 and 2014 as such, disclosure regarding such increase required;

Our Response:

Reasons of significant changes in inventories in the financial statement for the year ended 31st December 2013 and for the year ended 31st December 2014 is given below:

As on 31st December 2013: At end of the year 2013 the price of fiber goes very low and the management decided to buy fiber at the off season for utilization in the peak season to reduce the cost of production for which the inventories is high at the end of the year 2013.

As on 31st December 2014: At end of the year 2014 the inventory is reasonable in comparison with that of 31 December 2013.



Query: It appears from 5 year statement of comprehensive income that operating expenses decreased in 2012 from 2011 against increase in sales in 2012 from 2011. As such disclosures regarding decrease in operating expense against increase in sales are required'

Our Response:

Turnover of highly paid foreign employee reduced the expenses for salary, reduction in depreciation, and reduction in L/C Amendment Charges; inter change of Electric, Water and Power expenses from operating expenses to cost of goods sold cause decrease in operating expenses in the year 2012 from 2011.

Query: It appears from 5 years statement of comprehensive income that inconsistencies were found in calculating WPPF in year other than 2014 in this regard, explanation is to disclose;

Our Response:

In the completed Financial Statements for the year December 31, 2014, no provision was made for WPPF as per Bangladesh Labor Law, 2006 amended on July 22, 2013.

Query: Disclosure regarding increase in cash receipt from customers by Tk. 15.95 crore against decrease in cash paid to supplier and others by Tk. 8.40 crore is required.

Our Response:

The comparative statement of cash receipt from customers and cash paid to suppliers & others are as follows:

Particulars	31-Dec-13	31-Dec-14	Change (%)
Cash Receipt from Customers	678,865,655	838,359,162	19.02
Cash Paid to Suppliers and Others	647,177,707	563,138,761	(14.92)

From the above statement it reveals that cash receipt from customers has been increased by 19.02% in December 31, 2014 compared to December 31, 2013. Whereas cash paid to suppliers & others has been decreased by 14.92% for the same year.

Difference in Cash receipt from customers and Cash Paid to Supplier and Others is the effect of Inventory and Accounts Receivable.

Cash Receipt from Customers increased due to the difference in the opening Accounts Receivable of 2013 and 2014. The opening Accounts Receivable of 2013 was smaller than that of 2014, but closing Accounts Receivable for both the time is almost remain same. All other component was almost remained in the same. As a result cash receipt from customers in the year 2014 is higher than 2013.

Cash paid to supplier and others reduce due to the difference between opening inventory of 2013 and 2014. The opening inventory of 2013 is smaller than that of opening inventory of 2014, closing inventory is remain almost same and other component were almost remained in the same. As a result cash paid to supplier and others in the year December 31, 2014 is lower than that of December 31, 2013.

Sd/-

Mostafa Golam Quddus

Managing Director & Director