

Bangladesh Shipping Corporation

(BSC)

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

Disclaimer:

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Brief Overview of the Company

- | | |
|--|--------------------|
| 1. Date of Incorporation | : 5 February, 1972 |
| 2. Date of Commercial operation | : 5 February, 1972 |
| 3. Authorized Capital | : Tk. 4,000 mn |
| 4. Paid up Capital (Pre-RPO) | : Tk. 2,872.60 mn |
| 5. RPO size | : Tk. 627.40 mn |
| 6. Post RPO paid-up Capital | : Tk. 3,500 mn |

Details of the Issue:

| Description | Ordinary Shares | Face Value In Taka | Issue Price | Capital in Taka |
|------------------------|------------------|--------------------|--------------|--------------------|
| Repeat Public Offering | 6,274,000 | 100 | 1,000 | 627,400,000 |
| Total Size | 6,274,000 | 100 | 1,000 | 627,400,000 |

Paid up Capital after RPO:

| A. | Financial Structure prior to RPO | | |
|-----------|---|----------------|--------------------------------|
| | Paid-up Capital before IPO | 195,000,000.00 | |
| | Capital Issued as IPO | 5,000,000.00 | |
| | Sub total | | <u>200,000,000.00</u> |
| B | *To be converted Govt. equity into share capital | | <u>2,672,600,000.00</u> |
| C. | Financial Structure after RPO | | |
| | a) Repeat Public Offer (General Public) | | 501,920,000.00 |
| | b) Repeat Public Offer (Non Resident Bangladeshi) | | 62,740,000.00 |
| | c) Repeat Public Offer (Mutual Fund) | | 62,740,000.00 |
| | Sub total | | <u>627,400,000.00</u> |
| D. | Total capital structure after RPO (A+B+C) | | <u>3,500,000,000.00</u> |

*"Bangladesh Shipping Corporation (Amendment) Act, -2006" dated 20-09-2006 has been published as Gazette Notification as per approval of Government of Bangladesh with a view to materialize the objective of raising capital base of BSC, floating of new shares in future and to arrange payment of dividend/profit against Govt. equity invested in BSC. As a result of publication of above-noted Gazette Notification, the paid-up capital of BSC have increased from 20 crore to 350.00 crore. In the context of capital restructuring of BSC by Govt. steps are being undertaken to convert Tk. 267.26 crore Govt. equity into share capital.

Issue Manager : ICB Capital Management Limited

Auditor : A. QUASEM & CO.

Company at a glance

Corporate Status and Background:

Bangladesh Shipping Corporation is a statutory Government Organization and is regulated by President Order No. 10 of 1972. The Corporation has started its business in 5th February 1972 with the aims of rendering shipping services by ocean carriage of cargo in international trade by engaging ocean going vessels of BSC. As on 30th June 2010 the Authorized and Paid-up capital of the Corporation is Tk. 25.00 crore and 20.00 crore respectively. The Corporate & head office of the Corporation situated at BSC Bhaban, Saltgola Road, Chittagong, Bangladesh.

Corporate Information:

| | |
|---------------------------------------|---------------------|
| Date of Incorporation | : 5th February 1972 |
| Listing in DSE | : 5th August, 1977 |
| Listing in CSE | : November 1995 |
| Authorized Capital (as on 30.06.2010) | : Tk. 400.00 crore |
| Issued, Subscribed & Paid-up Capital | : Tk. 287.26 crore |

*"Bangladesh Shipping Corporation (Amendment) Act, -2006" dated 20-09-2006 has been published as Gazette Notification as per approval of Government of Bangladesh with a view to materialize the objective of raising capital base of BSC, floating of new shares in future and to arrange payment of dividend/profit against Govt. equity invested in BSC. As a result of publication of above-noted Gazette Notification, the authorized and paid-up capital of BSC have increased from Tk. 25.00 crore to Tk. 400.00 crore and Tk. 20 crore to 350.00 crore respectively. In the context of capital restructuring of BSC by Govt., steps are being undertaken to convert Tk. 267.26 crore Govt. equity into share capital.

Nature of Business:

The Corporation Renders Shipping Service by Ocean carriage of cargo in international trade by engaging ocean going vessels of BSC.

Principal Products:

Ocean carriage of exports/imports of the country. The Principal services are as under:-

- a) Crude oil transportation A/C Bangladesh Petroleum Corporation.
- b) Crude oil lighterage A/C Bangladesh Petroleum Corporation.
- c) Break-bulk cargo/containers carried under voyage charter/time charter Agreement
- d) Carriage of fertilizer A/C Bangladesh Chemical Industries Corporation.
- e) Food grain lighterage A/C Ministry of Food/Government.

Production Capacity and Current Capacity Utilization:

The vessel wise capacity utilization in terms of cargo lifting 2009-10 is shown as under:-

(As per audited Accounts)

| Vessels Name | Year of Built | Date of Acquisition | Capacity in DWT (M.T) | Current Capacity of Utilization |
|-----------------------|---------------|---------------------|-----------------------|---------------------------------|
| M.V. Banglar Kallol | 1979 | 18-12-1979 | 17,234 | 17,234 |
| M.V. Banglar Kallol | 1980 | 24-01-1980 | 17,222 | 17,222 |
| M.V. Banglar Mamata | 1980 | 04-06-1980 | 15,877 | 15,877 |
| M.V. Banglar Maya | 1980 | 10-09-1980 | 15,883 | 15,883 |
| M.V. Banglar Robi | 1981 | 07-01-1983 | 12,720 | 12,720 |
| M.V. Banglar Gourab | 1982 | 21-01-1983 | 13,934 | 13,934 |
| M.V. Banglar Moni | 1983 | 09-09-1983 | 12,680 | 12,680 |
| M.V. Banglar Yoyti | 1987 | 15-05-1987 | 14,541 | 14,541 |
| M.V. Banglar Urmi | 1984 | 14-07-1987 | 15,552 | 15,552 |
| M.V. Banglar Shourabh | 1987 | 14-10-1987 | 14,541 | 14,541 |
| M.V. Banglar Doot | 1988 | 12-12-1988 | 16,771 | 16,771 |
| M.V. Banglar Mookh | 1989 | 12-10-1989 | 16,769 | 16,769 |
| M.V. Banglar Shikha | 1991 | 16-07-1991 | 12,945 | 12,945 |

Relative contribution of the services contributing more than 10% of the total revenue:

| Description | As per Last audited Accounts (Taka). | % |
|-----------------------------|--------------------------------------|-------|
| 1. Own Tonnage-VC/TC | 617,306,329.00 | 26.75 |
| 2. Crude oil transportation | 1,032,022,624.00 | 44.70 |
| 3. Crude oil Lighterage | 431,070,764.00 | 18.67 |
| Total | 2,080,399,717.00 | |

(14) Breakdown of all Expenses connected with the Repeat public issue:

| Particulars | Rate | Amount in Tk. |
|---|---|------------------------------|
| Manager to the issue fees | Lump Sum | 1,500,000.00 |
| Regulatory Expenses: | | |
| Listing Related Expenses: | | |
| Service Charge for DSE | Fixed | 5,000.00 |
| Annual Fee for DSE & CSE | Fixed | 200,000.00 |
| Listing Fees for Stock Exchanges (DSE & CSE) | @ 0.25% on up to Taka 10 crore of paid-up capital. & 0.15% on the amount to be issued further as paid up capital (Max Tk. 20.00 lac) each | 2,082,200.00 |
| SEC Fees | | |
| Application Fee | Fixed | 10,000.00 |
| Consent Fee | @ 0.15% on the public offering amount | 9,411,000.00 |
| IPO Commission: | | |
| Underwriting Commission | 0.25% on the underwritten amount | 15,685,000.00 |
| Bankers to the issue Commission | @ 0.1% on collected amount (Assuming 3 times oversubscribed) | 18,822,000.00 |
| Tax on Premium | 3% on Share Premium | 169,398,000.00 |
| Printing, Publication and Others: | | |
| Publication of Abridge Version of Prospectus | 4 national dailies | 900,000.00 |
| Printing of Prospectus | Estimated | 500,000.00 |
| Printing of Application Forms for General Public | Estimated | 400,000.00 |
| Printing of Application Forms for NRB | Estimated | 100,000.00 |
| Fee for Conduction of Lottery | | 500,000.00 |
| Post Issue Expenses: | | |
| Data Collection, Data Entry, Data Processing and other related job | Estimated | 15,000,000.00 |
| Printing of Allotment Letters and Refund Warrant | | |
| Distribution of Allotment Letter and Refund Warrant (including courier) | | |
| Miscellaneous | Estimated | 100,000.00 |
| Total | | <u>234,513,200.00</u> |

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

Particulars of Directors:

| Sl. No. | Name of Directors | Position |
|---------|----------------------------------|--|
| 01. | Mr. Shajahan Khan, M.P | Hon'ble Minister, Ministry of Shipping |
| 02. | Mr. Md. Abdul Mannan Howlader | Secretary, Ministry of Shipping |
| 03. | Commodore Moqsumul Quader | Managing Director |
| 04. | Dr. Chowdhury Saleh Ahmed | Director General, Monitoring Cell, Finance Division, Ministry of Finance |
| 05. | Mr. Md. Golam Mowla | Executive Director (Finance) |
| 06. | Mr. Mostafa Kamal Uddin | Executive Director (Commercial) |
| 07. | Mr. Md. Saeed Ullah | Executive Director (Technical) Current Charge |

b. Directors' involvement/interest in other companies:

All Directors of the Corporation are nominated by the People's Republic of Bangladesh and all of them are Govt. service holder, so Directors' involvement/interest in other companies does not arise.

Ownership of the Company's securities as on 30-06-2010:

| Sl. No. | Name of the shareholders/ Company | Address | Position | shareholdings | Percentage |
|------------|---|--|-------------|---------------|------------|
| (a) 01. | Agrani Bank Ltd. | Motijheel C/A, Dhaka. | Shareholder | 1,077 | 2.50% |
| 02. | Janata Bank Ltd | 110, Motijheel C/A, Dhaka. | Shareholder | 1,077 | |
| 03. | Sonali Bank Ltd. | 35-44, Motijheel C/A, Dhaka. | Shareholder | 1,077 | |
| 04. | Pubali Bank Ltd. | Head Office, 24-25, Dilkusha C/A, Dhaka. | Shareholder | 634 | |
| 05. | Rupali Bank Ltd. | 34, Dilkusha C/A, Dhaka. | Shareholder | 364 | |
| 06. | Bangladesh Development Bank Ltd. | Motijheel C/A, Dhaka. | Shareholder | 634 | |
| 07. | Uttara Bank Ltd. | 90, Motijheel, C/A, Dhaka | Shareholder | 570 | |
| 08. | National Credit & Commerce Bank Ltd. | 7-8, Motijheel C.A., Dhaka. | Shareholder | 20 | |
| 09. | Sadharan Bima Corp. | 33, Dilkusha C/A, Dhaka. | Shareholder | 3,168 | |
| 10 | ICB | 8, DIT Avenue 13-16 Floor, Dhaka. | Shareholder | 1,292 | |
| 11. | ICB Unit Fund | -Do- | Shareholder | 2,010 | |
| 12. | ICB Mutual Fund | -Do- | Shareholder | 600 | |
| 13. | General Public | | Shareholder | 37,348 | |

| | | | | | |
|--------------|--|---|-------------|---------------------------|----------------------|
| (b) 01. | Directors, Chief Executive officer, Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor Children. (name wise details); | | | ---- | |
| (c) 01. | Executives, (BSC'S 18 Officers) and | | Shareholder | 129 | |
| (d) 01. | Shareholders holding (10%) or more: 01. Govt. of the People Republic of Bangladesh 02. Islami Bank Bangladesh Ltd. | Govt. of Bangladesh 40, Dilkusha C/A, Dhaka. | Shareholder | 17,50,000 2,00,000 | 87.50% 10.00% |
| Total | | | | <u>20,00,000</u> | <u>100 %</u> |

Securities of the Corporation owned by each director:

The Directors of the Corporation are nominated by Govt. of Bangladesh and none of the securities of the Corporation owned by the Director(s).

List of shareholders who owns 5% or more shares of the Corporation:

| Sl. No. | Name of the shareholders | Position | Shareholdings | Percentage |
|---------|--|-------------|---------------|------------|
| 01. | Govt. of the People Republic of Bangladesh | Shareholder | 17,50,000 | 87.50% |
| 02. | Islami Bank Bangladesh Ltd. | Shareholder | 2,00,000 | 10.00% |

Performance at a Glance:

Tk. in million

| Particulars | 30/06/2006 | 30/06/2007 | 30/06/2008 | 30/06/2009 | 30/06/2010 |
|--|------------|------------|------------|------------|------------|
| Operating Income | 3,211.04 | 2,912.11 | 4,126.34 | 2,635.69 | 2,308.99 |
| <i>Growth</i> | | -9.31% | 41.70% | -36.13% | -12.40% |
| Operating Expenses | 2,879.63 | 2,743.78 | 3,657.59 | 2,831.36 | 2,534.85 |
| <i>Growth</i> | | -4.72% | 33.30% | -22.59% | -10.47% |
| <i>Operating Surplus before charging administrative expenses & interest on loans</i> | 331.41 | 168.33 | 468.75 | (195.67) | (225.86) |
| <i>Growth</i> | | -49.21% | 178.47% | -141.74% | 15.43% |
| <i>Interest on Loans</i> | 2.55 | 1.87 | 1.19 | 0.51 | |
| <i>Growth</i> | | -26.67% | -36.36% | -57.14% | |
| Administrative Expenses | 49.87 | 38.84 | 37.32 | 38.14 | 64.22 |
| <i>Growth</i> | | -22.12% | -3.91% | 2.20% | 68.38% |
| <i>Net Operating Income/(Loss)</i> | 278.99 | 127.62 | 430.24 | -234.32 | -290.08 |
| <i>Growth</i> | | -54.26% | 237.13% | -154.46% | 23.80% |
| Other Income | 29.72 | 31.96 | 36.59 | 131.72 | 423.5 |
| <i>Growth</i> | | 7.54% | 14.49% | 259.99% | 221.52% |
| Net Profit After Tax | 308.71 | 159.58 | 466.83 | -102.6 | 133.42 |
| <i>Growth</i> | | -48.31% | 192.54% | -121.98% | -230.04% |
| Total Assets | 3,871.04 | 3,843.97 | 4,394.68 | 3,749.32 | 3,874.07 |
| <i>Growth</i> | | -0.70% | 14.33% | -14.69% | 3.33% |
| <i>Growth</i> | | | | | |
| <i>Paid Up Capital</i> | 200.00 | 200.00 | 200.00 | 200.00 | 200.00 |
| <i>Growth</i> | | - | - | - | - |
| Shareholders' Equity(Net Assets) | 1,685.07 | 1,949.65 | 2,305.17 | 2,081.42 | 2,048.58 |
| <i>Growth</i> | | 15.70% | 18.24% | -9.71% | -1.58% |
| No. of Shares | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| RPO | | | | | 6,274,000 |
| Post RPO Number of Shares | | | | | 8,274,000 |
| Net Asset Value Per Share | 842.54 | 974.83 | 1,152.59 | 1,040.71 | 1,024.29 |
| <i>Growth</i> | | 15.70% | 18.24% | -9.71% | -1.58% |
| EPS | 154.36 | 79.79 | 233.42 | (51.30) | 66.71 |
| <i>Growth</i> | | -48.31% | 192.54% | -121.98% | -230.04% |
| EPS restated (Considering conversion of Govt. shares) | 10.75 | 5.56 | 16.25 | -3.57 | 4.64 |
| <i>Growth</i> | | -48.31% | 192.54% | -121.98% | -230.04% |
| ROE | 18.32% | 8.19% | 20.25% | -4.93% | 6.51% |
| ROA | 7.97% | 4.15% | 10.62% | -2.74% | 3.44% |
| Net Profit Margin | 9.61% | 5.48% | 11.31% | -3.89% | 5.78% |
| Asset Turnover Ratio | 0.83 | 0.76 | 0.94 | 0.70 | 0.60 |

| | | | | | |
|-------------------------------|----------|----------|----------|----------|----------|
| Current Assets | 2,155.30 | 2,230.11 | 2,898.87 | 2,142.96 | 2,419.47 |
| Current Liabilities | 916.39 | 684.33 | 959.8 | 628.91 | 831.24 |
| Inventories, Spares & Bunkers | 120.08 | 197.38 | 233.75 | 258.25 | 326.42 |
| Current Ratio | 2.35 | 3.26 | 3.02 | 3.41 | 2.91 |
| Quick Ratio | 2.22 | 2.97 | 2.78 | 3.00 | 2.52 |

Measurement of Profitability:

1. ROE¹

(Reported by the company)

| Particulars | 30.06.2006 | 30.06.2007 | 30.06.2008 | 30.06.2009 | 30.06.2010 |
|-------------|------------|------------|------------|------------|------------|
| ROE | 18.32% | 8.19% | 20.25% | -4.93% | 6.51% |

DuPont Analysis

Analysis of ROE

$$\begin{aligned} \text{ROE} &= (\text{Net Income after Taxes} \div \text{Total Operating Revenue}) \times (\text{Total Operating Revenue} \div \text{Total Assets}) \times (\text{Total Assets} \div \text{Total Equity Capital}) \\ &= (\text{Net Profit Margin} \times \text{Asset Utilization} \times \text{Equity Multiplier}) \end{aligned}$$

| Year | (1) Net Profit Margin | (2) Asset Utilization | (3) Equity Multiplier | (4) ROE (4) = (1)*(2)*(3) | (5) ROA (5) = (1)*(2) |
|------------|--------------------------|--------------------------|--------------------------|---------------------------------|-----------------------------|
| 30.06.2006 | 9.61% | 0.83 | 2.30 | 18.32% | 7.97% |
| 30.06.2007 | 5.48% | 0.76 | 1.97 | 8.19% | 4.15% |
| 30.06.2008 | 11.31% | 0.94 | 1.91 | 20.25% | 10.62% |
| 30.06.2009 | -3.89% | 0.70 | 1.80 | -4.93% | -2.74% |
| 30.06.2010 | 5.78% | 0.60 | 1.89 | 6.51% | 3.44% |

2. ROA¹

(Reported by the company)

| Particulars | 30.06.2006 | 30.06.2007 | 30.06.2008 | 30.06.2009 | 30.06.2010 |
|-------------|------------|------------|------------|------------|------------|
| ROA | 7.97% | 4.15% | 10.62% | -2.74% | 3.44% |

3. Net Profit Margin¹

(Reported by the company)

| Particulars | 30.06.2006 | 30.06.2007 | 30.06.2008 | 30.06.2009 | 30.06.2010 |
|-------------------|------------|------------|------------|------------|------------|
| Net Profit Margin | 9.61% | 5.48% | 11.31% | -3.89% | 5.78% |

¹Net Profit Margin = Net Income ÷ Revenue

Liquidity Ratio:

1. Current Ratio

(Reported by the company)

| Particulars | 30.06.2006 | 30.06.2007 | 30.06.2008 | 30.06.2009 | 30.06.2010 |
|---------------|------------|------------|------------|------------|------------|
| Current Ratio | 2.35 | 3.26 | 3.02 | 3.41 | 2.91 |

¹Current Ratio = Current Assets ÷ Current Liabilities

2. Quick Ratio

(Reported by the company)

| Particulars | 30.06.2006 | 30.06.2007 | 30.06.2008 | 30.06.2009 | 30.06.2010 |
|-------------|------------|------------|------------|------------|------------|
| Quick Ratio | 2.22 | 2.97 | 2.78 | 3.00 | 2.52 |

¹ Quick Ratio = (Current Assets- advances & loans) ÷ (Current Liabilities- Unearned Revenue)

Net Tangible Assets per share:

| Particulars | Amount in Taka |
|-----------------------------------|------------------------|
| Share Capital | 200,000,000 |
| Government of Bangladesh equity | 2,672,600,000 |
| Capital Reserve | 293,790,825 |
| Retained Earnings | (1,117,814,466) |
| Total Shareholders' Equity | 2,048,576,359 |
| Total no. of share | 2,000,000 |
| Net Asset Value Per Share | <u>1,024.29</u> |

*As per publication of Gazette Notification Bangladesh Shipping Corporation (Amendment) Act, -2006" dated 20-09-2006, capital restricting of BSC by Govt. steps are being undertaken to convert Tk. 267.26 crore Govt. equity into share capital. After that, the NAV would be as follows:

$$\text{NAV} = \frac{2,048,576,359}{2,000,000 + 26,726,000} = 71.31$$

After RPO NAV would be as follows:

$$\text{NAV} = \frac{2,048,576,359 + 6,274,000,000}{2,000,000 + 26,726,000 + 6,274,000} = 237.79$$

Justification of determination of offering price:

a) Price based on Net Asset/Equity based value per share:

| Particulars | Amount in Taka |
|-----------------------------------|------------------------|
| Share Capital | 200,000,000 |
| Government of Bangladesh equity | 2,672,600,000 |
| Capital Reserve | 293,790,825 |
| Retained Earnings | (1,117,814,466) |
| Total Shareholders' Equity | 2,048,576,359 |
| Total no. of share | 2,000,000 |
| Net Asset Value Per Share | <u>1,024.29</u> |

b) Price based on Earning per Share:

| Period | Number of paid up shares | Net Profit After Tax | Earnings Per Share |
|----------------|--------------------------|------------------------------|---------------------|
| 30.06.2010 | 2,000,000 | 133,423,675 | 66.71 |
| 30.06.2009 | 2,000,000 | (102,600,876) | -51.30 |
| 30.06.2008 | 2,000,000 | 466,842,498 | 233.42 |
| 30.06.2007 | 2,000,000 | 156,586,095 | 78.29 |
| 30.06.2006 | 2,000,000 | 308,707,702 | 154.35 |
| Average | | <u>192,591,818.80</u> | <u>96.30</u> |

The average net profit after tax for the last 5 (five) years stands at Tk. **192,591,818.80** and the average EPS stands at Tk. 96.30. The weighted average Market PE (Price Earning) of DSE (Dhaka Stock Exchange Ltd.) in 2009-10 is 24.08. If we consider the share price of the Corporation on the basis of price earnings multiple of 24.08, the earning based value of shares of the Corporation stands at Tk. **2,318.90**

c) Average Market Price:

Market price per share at the last trading day of preceding 1 (one) year is given in the following table that remained far above the offer price of Tk. 1000.00 each (including a premium of Tk. 900.00 per share). Price data is collected from Monthly Review of Dhaka Stock Exchange Limited.

| Sl. No. | Name of Months | Price |
|---------|---|----------|
| 01 | Market Price per share as on 30.11.2010 | 3,116.25 |
| 02 | Market Price per share as on 31.10.2010 | 3,645.50 |
| 03 | Market Price per share as on 30.09.2010 | 3,459.50 |
| 04 | Market Price per share as on 31.08.2010 | 3,678.00 |
| 05 | Market Price per share as on 29.07.2010 | 4,084.00 |
| 06 | Market Price per share as on 30.06.2010 | 4,084.00 |

| | | |
|---------------------------------|---|-------------------------|
| 07 | Market Price per share as on 31.05.2010 | 4084.00 |
| 08 | Market Price per share as on 29.04.2010 | 4300.00 |
| 09 | Market Price per share as on 31.03.2010 | 4029.50 |
| 10 | Market Price per share as on 28.02.2010 | 2409.75 |
| 11 | Market Price per share as on 31.01.2010 | 4280.00 |
| 12 | Market Price per share as on 30.12.2010 | 5,490.00 |
| Total in 01 (one) year | | <u>46,660.50</u> |
| Average in 01 (one) year | | <u>3,888.38</u> |

d) Projected Equity Based Value/ Book Value Per Share:

| Period | Equity Based Value Per Share (Amount in Tk.) |
|----------------|---|
| June, 2011 | 269.99 |
| June, 2012 | 368.02 |
| June, 2013 | 483.19 |
| Average | <u>373.73</u> |

e) Projected Earnings Based Value Per Share:

| Period | Projected Earnings Per Share (Amount in Tk.) |
|--------------------|---|
| June, 2011 | 0.46 |
| June, 2012 | 11.98 |
| June, 2013 | 22.14 |
| Average EPS | <u>11.53</u> |

The weighted average EPS for next 3 years stands at Tk. 11.53. If we consider the share price of the Corporation on the basis of price earnings multiple of 24.08, the earning based value of per share of the Company stands at Tk. 277.64, a price much higher than the price offered for shares.

| Justification of offering price under different methods | BDT |
|--|------------------------|
| Equity based Value per share (NAV) | 1,024.29 |
| Earning Based Value per Share | 2,318.90 |
| Average Market Price | 3,888.38 |
| Projected Equity Based Value/ Book Value Per Share | 373.73 |
| Projected Earnings Based Value Per Share | 277.64 |
| Average | <u>1,576.59</u> |

RISK FACTORS AND MANAGEMENT'S PERCEPTIONS ABOUT THE RISKS

The company is operating in such a field that involves an abundance of external/internal risk factors. Some can be averted and some are away from control which may lead to loss. Investors should be mindful about the risks and the perception about the risks of the management. The external and internal risk factors and the management's perception are furnished below: -

a. Interest rate risks & Management Perception:

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. Rising of interest rate increases the cost of fund for a company, which has borrowed fund, and consequently profit is squeezed.

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 risks & Management Perception:

Shipping being international business is run under USD accounts. BSC is allowed to maintain a USD account outside Bangladesh and this provides her a great advantage over CAF (Currency Adjustment Factor) which reduces exchange rate risk.

c. Industry risks & Management Perception:

Sea going vessels are considered as industry and given facilities similar for export industry by Bangladesh Government (Ref- Gazette Notification 22 Aug 1994). Informatively risk of the vessels is covered by hull insurer and third party risk covered by P&I Club. Thus though shipping is very sensitive but same time risks are covered to a great extent.

d. Market & Technology related-risks & Management Perception:

BSC's Ship is old multipurpose carrier. Liner service is available. The ships are moving only one to one port tramping service. So at present BSC carry only 7% of total imports/exports of Bangladesh.

e. Potential or existing government regulations & Management Perception:

Government regards ship owning and rendering its services as export industry and cargo carriage is ensured under the privilege of flag protection rule.

f. Potential change in global or national policies & Management Perception:

Geographically Bangladesh is being in between India and China attracting global attention of shipping service. Moreover, booming population of Bangladesh made her import oriented Country. These two factors ultimately helping for development of Company's capacity.

g. **Operational risks & Management Perception:**

Shipping is naturally very risk oriented service. Ship at sea, ship at berth, cargo loading and discharging all are risk factors. Shipping business being handled by highly professional hands are run under minimum risk.