

# ENERGYPRIMA LIMITED

## (EPL)

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

### Disclaimer:

The contents of this presentation are entirely based on disclosures made by the company. Therefore, DSE does not assume any responsibility on the authenticity of the facts and figures presented thereof.

### Brief Overview of the Company

- |  |                   |
|--|-------------------|
| 1. Date of Incorporation as a Private Ltd. Company | : 15 January 2008 |
| 2. Converted into public limited company           | : 18 April 2010   |
| 3. Authorized Capital                              | : BDT 5,000 mn    |
| 4. Paid up Capital (Pre-IPO)                       | : BDT 1,186 mn    |
| 5. IPO size  | : BDT 314 mn      |
| 6. Post IPO paid-up Capital                        | : BDT 1,500 mn    |

### Details of the Issue

Description	Ordinary Shares	Face Value In Taka	Issue Price	Premium	Capital in Taka
Public Offering	31,400,000	10.00	95.00	85.00	314,000,000
<b>Total Size</b>	<b>31,400,000</b>	<b>10.00</b>	<b>95.00</b>	<b>85.00</b>	<b><u>314,000,000</u></b>

### Paid up Capital after IPO

Particulars	No. of shares	Face Value (Taka)	Amount in Taka
<b>Before IPO</b>			
Authorised Capital ordinary shares of Tk. 10 each	500,000,000	10.00	5,000,000,000.00
Paid-up Capital as on 01.07.2010	114,000,000	10.00	1,140,000,000.00
Paid-up Capital as on 09.01.2011	118,600,000	10.00	1,186,000,000.00
<b>Total Paid-up before IPO</b>	<b>118,600,000</b>	<b>10.00</b>	<b>1,186,000,000.00</b>
<b>After IPO</b>			
To be issued as IPO	31,400,000	10.00	314,000,000.00
<b>Total no of shares (post IPO)</b>	<b>150,000,000</b>		
<b>Paid up capital (post IPO)</b>	<b>1,500,000,000.00</b>		

**Issue Manager** : ICB Capital Management Limited

**Auditor** : S. F. Ahmed & Co Chartered Accountants

## **ENERGYPRIMA LIMITED (EPL)**

### **Company at a glance**

#### **Description of Business**

#### **Corporate Status and Background**

Energyprima Limited (hereinafter referred to as 'EPL' or 'the Company') was incorporated in Bangladesh as a private limited company on 15 January 2008 and subsequently the company was converted into public limited company on 18 April 2010. The principal activity of the Company is to set up power plants for generation and supply of electricity. The Company has licences for four power plants, each at Kumargaon (Sylhet), Fenchuganj (Sylhet), Shahjibazar (Hobigonj) and Bogra, having production capacity of 170 MW in total. Out of these four power plants, Kumargaon and Shahjibazar power plants went into commercial operation in July and November 2008 respectively.

EPL, a sister concern of Hosaf Group, is one of the pioneers in the field of private sector rental power generation in the country. The company's vision is to provide uninterrupted electricity to its customers by ensuring efficient utilization of capital, machinery, as well as human resource. The company has been involved in taking steps for continuously improving customer satisfaction and resource management in order to establish itself as the leading private sector power producer in the country.

EPL was awarded four rental power plant projects, totaling 170 MW in early 2008, which had been instrumental in reducing the power shortage in Bangladesh. During that time, Energyprima set up two 50 MW power plant projects one each at Kumargaon and Shahjibazar in Sylhet, which are currently in operation with brand new Caterpillar gas engines and have been successfully generating about 100MW that was connected to the national grid within a short span of time.

Another 50MW power plant of EPL is located at Fenchugonj and the 20 MW power plant is at Bogra which are expected to go on operation from April and May 2011 respectively. After completion of these two power plants, Energyprima Limited will be capable of providing a total of 170MW power to the national grid.

#### **Principal Products**

EPL is engaged in business of generation of electricity and sells the same to BPDB through its national transmission grid.

#### **Market for the products**

The main beneficiaries of our products are the industries and the people of Bangladesh. EPL sells its entire generated power to the Bangladesh Power Development Board under rental power purchase agreement. Following are the main markets of the product:

- a) Bangladesh Power Development Board (BPDB)
- b) Rural Electrification Board (REB)

#### **Relative contribution of products contributing more than 10% of the total revenue**

Electricity is the only product of EPL. Therefore, contribution of more than 10% by any other product to the total revenue of the company doesn't arise.

**Associates, subsidiary/ related holding Company and their core areas of business**

The Company does not have any subsidiary/related holding company except the following sister concerns:

1. Hosaf Meter Industries Limited
2. Citilink Apartment Limited
3. Hosaf International Limited
4. Euro Knitting & Dyeing Ind. Ltd.
5. Hosaf Consultancy
6. Hosaf Electronics Ltd.
7. Hosaf Power Generation Company Ltd.
8. Shandong Ludi Xinwen & Hosaf Mining (BD) Ltd.
9. Bangladesh Mineral Development Co. Ltd.  
Hosaf Gene Cure Pharmaceuticals Ltd

**Production capacity and current capacity utilization**

**Plant wise capacity (existing plants):**

(As per audited Accounts)

Name of Project	location	Licensed Capacity (a)	Contracted Capacity (b)	Installed Capacity (c)	COD (d)	% of capacity utilization (d)/(a)	% of capacity utilization (d)/(c)
Kumargaon project	Kumargaon, Sylhet	51 MW	50 MW	52.5 MW (in operation)	51.67 MW	101.31	98.42
Shahjibazar Project	Shahjibazar, Hobigang	51 MW	50 MW	52.5 MW (in operation)	49.66 MW	97.37	94.59
Fenchugonj Project	Fenchugonj, Sylhet	51 MW	50 MW	Under Commissioning	---	---	---
Bogra Project	Power House, Bogra	21 MW	20 MW	Under Commissioning	---	---	---

**Projected Production for additional Capacity (Proposed)**

Name of Project	Location	Licensed Capacity	Installed Capacity	Production Capacity
Kumargaon project (additional unit)	Kumergaon, Sylhet	50 MW	52.5 MW	50 MW
Shahajibazar Project (additional unit)	Shahajibazar, Hobigonj	50 MW	52.5 MW	50 MW

**Breakdown of IPO Expenses**

The following table shows the amounts paid to the Issue Manager, Underwriters and other costs:

**Fixed Cost:**

Particulars	Rate	Amount in Tk.
Manager to the issue fees	Lump Sump	2,000,000.00
Vat on Issue Fees		300,000.00
<b>Regulatory Expenses:</b>		
Listing Related Expenses:		
Service Charge for DSE	Fixed	5,000.00
*Annual Fee for DSE & CSE		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 balance amount ( Max Tk. 20.00 lac) each	4,000,000.00
<b>SEC Fees</b>		
Application Fee	Fixed	10,000.00
Consent Fee	@ 0.15% on the public offering amount	4,474,500.00
IPO Commission:		
Underwriting Commission	0.50% on the underwritten amount	7,457,500.00
<b>CDBL Fees and Expenses:</b>		
**Security Deposit of Eligible Securities	Fixed	500,000.00
Documentation Fee	As actual	2,500.00
***Annual Fee	As actual	100,000.00
Issue Fee	0.00025 on the public offer	745,750.00
Connection Fee	As actual	6,000.00
<b>Total</b>		<b><u>19,801,250.00</u></b>

**Variable Cost:**

Particulars	Rate	Amount in Tk.
IPO Commission:		
Bankers to the issue Commission	@ 0.1% on collected amount (Assuming 3 times oversubscribed)	8,949,000.00
3% Tax on Premium		80,070,000.00
Printing, Publication and Others:		
Publication of Abridge Version of Prospectus	Estimated	800,000.00
Printing of Prospectus	Estimated	400,000.00
Printing of Application Forms	Estimated	200,000.00
Fee for Conduction of Lottery		700,000.00
Post Issue Expenses:		
Data Collection, Data Entry, Data Processing and other related job		
Printing of Allotment Letters and Refund Warrant	Estimated	8,478,000.00

Distribution of Allotment Letter and Refund Warrant (including courier)		
Publication of Notice	Estimated	200,000.00
Miscellaneous	Estimated	100,000.00
<b>Total</b>		<b><u>99,897,000.00</u></b>

#### **Total Cost**

Fixed Cost	19,801,250.00
Variable Cost	99,897,000.00
<b>Total</b>	<b><u>119,698,250.00</u></b>

NB: The cost of the above mentioned IPO expenses may vary on the Issue Size, Premium, Deposit of Application, Printing and others

#### **Use of IPO Proceeds**

The company estimated that, the aggregate proceeds to them from the Public Offering will be approximately Tk.2,983.00 million and the proceeds from the Public Offering would be used for the following purposes:

SI No	Particulars		Amount in Taka (million)	
1	Loan repayment			<b>2,040.00</b>
2	Investment in Shahjibazar and Kumargaon power plant projects for adding an extra 50 MW each respectively (total 100 MW) *For the above projects the Company has applied to the Authority	Land and land development	100.00	
		Pre-fabricated building	80.00	
		Furniture and fixture	5.00	
		Office and Electrical Equipment	5.00	
		Security and fire fighting	5.00	
		Motor Vehicle	10.00	
		Salary and Consultancy fee	19.60	
		LC Margin for Plant and Machinery	418.40	
		Civil Works and other	200.00	
	<b>Sub-total</b>			<b>843.00</b>
3	Working capital financing			<b>100.00</b>
	<b>Grand total</b>			<b><u>2,983.00</u></b>

These figures are only estimates, as they have no agreements yet concerning the use of the proceeds of the Public Offering.

#### **Transaction between Holding/subsidiary/associate Company and the Issuer within the 5 years**

Considering voting right of 20% or more in another company, there is no associate company of Energyprima Limited as per BAS 28 Para 4 but there is a common directorship in the following sister concerns of:

1. Hosaf Meter Industries Limited
2. Citilink Apartment Limited
3. Hosaf International Limited
4. Euro Knitting & Dyeing Ind. Ltd.
5. Shandong Ludi Xinwen & Hosaf Mining (BD) Ltd.
6. Hosaf Consultancy Ltd.
7. Hosaf Electronics Ltd.
8. Hosaf Power Generation Company Ltd.
9. Bangladesh Mineral Development Co. Ltd.
10. Hosaf Gene Cure Pharmaceuticals Ltd.

#### DESCRIPTION OF THE DIRECTORS:

Sl. No.	Name	Age (Years)	Position	Nominated By	Date of Becoming Director for the first time	Experience	Expiry of current term
1	Mrs. Ilya R. Hossain	52	Chairman	Citi Link Apartment Ltd.	17-09-2009	23 Years business experience	One third of total directors take retirement at every Annual General Meeting and to be re-elected.
2	Mr. Moazzam Hossain	61	Managing Director	N/A	15-01-2008	38 Years business experience	
3	Mr. Mabroor Hossain	29	Director	Hosaf Heter Industry Ltd.	15-01-2008	5 years business experience	
4	Ms. Mehtaj Hossain	26	Director	N/A	05-07-2010	3 years business experience	
5	Mr. Shahadat Hossain	59	Director	N/A	05-07-2010	25 Years business experience	

#### Family Relationship among the Directors

Name	Director	Relationship	Position in the company
Mr. Moazzam Hossain	Mrs. Ilya R. Hossain	Wife	Shareholder, Director and Managing Director
	Mr. Mabroor Hossain	Son	
	Mrs. Mehtaj Hossain	Daughter	
	Mr. Shahadat Hossain	Brother	
Mrs. Ilya R. Hossain	Mr. Moazzam Hossain	Husband	Shareholder, Director and Chairman
	Mr. Mabroor Hossain	Son	
	Mrs. Mehtaj Hossain	Daughter	
	Mr. Shahadat Hossain	Brother in law	
	Mr. Moazzam Hossain	Father	Shareholder and Director

Mr. Mabroor Hossain	Mr. Moazzam Hossain	Father	Shareholder and Director
	Mrs. Ilya R. Hossain	Mother	
	Mrs. Mehtaj Hossain	Sister	
	Mr. Shahadat Hossain	Uncle	
Mrs. Mehtaj Hossain	Mr. Moazzam Hossain	Father	Shareholder and Director
	Mrs. Ilya R. Hossain	Mother	
	Mr. Mabroor Hossain	Brother	
	Mr. Shahadat Hossain	Uncle	
Mr. Shahadat Hossain	Mr. Moazzam Hossain	Brother	Shareholder and Director
	Mrs. Ilya R. Hossain	Sister in Law	
	Mr. Mabroor Hossain	Nephew	
	Mrs. Mehtaj Hossain	Niece	

#### Directors' involvement in other company/organizations

Name of Director	Company /Organization where they have interest	Position
Mrs. Ilya R. Hossain	Citi link Apartment Ltd	Director
	Hosaf International Ltd.	Director
	Hosaf Meter Industry Ltd.	Director
	Shandong Ludi Xinwen & Hosaf Mining (BD) Ltd.	Director
	Hosaf Gene Cure Pharmaceuticals Co. Ltd.	Director
	Hosaf Electronics Ltd.	Director
	Hosaf Power Generation Co. Ltd.	Director
Mr. Moazzam Hossain	Bangladesh Mineral Development Co. Ltd.	Director
	Hosaf Meter Industry Ltd.	Managing Director
	Citi link Apartment Ltd.	Managing Director
	Hosaf International Ltd.	Chairman
	Hosaf Consultancy.	proprietor
	National Bank Ltd.	Director
	Pragati Insurance Ltd.	Director
	Bangladesh Energy Companies Association.	President
	Presidency University.	Vice President
	BGMEA	Former Vice President
Mr. Mabroor Hossain	Euro knitting & Dyeing Ind. Ltd.	Nominated Director
	Hosaf Electronics Ltd.	Chairman
	Hosaf Power Generation Co. Ltd.	Chairman
	Shandong Ludi Xinwen & Hosaf Mining (BD) Ltd.	Chairman
	Bangladesh Mineral Development Co. Ltd.	Vice-Chairman
	Hosaf Gene Cure Pharmaceuticals Co. Ltd.	Chairman
	Hosaf Meter Industry Ltd.	Director
Hosaf International Ltd.	Director	
National Bank Ltd.	Director	
Progati Life Insurance Ltd.	Director	
Euro knitting & Dyeing Ind. Ltd.	Director	
Hosaf Electronics Ltd.	Director	

	Shandong Ludi Xinwen & Hosaf Mining (BD) Ltd. Bangladesh Mineral Development Co. Ltd. Hosaf Gene Cure Pharmaceuticals Co. Ltd. MH Holdings Hosaf Power Generation Co. Ltd.	Director Director Director Proprietor Director
Mrs. Mehtaj Hossain	Hosaf Meter Industry Ltd. Hosaf Gene Cure Pharmaceuticals Co. Ltd.	Director Director
Mr. Shahadat Hossain	a) Euro knitting & Dyeing Ind. Ltd	Managing Director
	b) Hosaf Gene Cure Pharmaceuticals Co. Ltd.	Director
	c) Bangladesh Mineral Development Co. Ltd.	Director

#### OWNERSHIP OF THE COMPANY'S SECURITIES

**Paid-up Capital as on 30.06.2010**

SI No.	Name	Status with the Company	Nos. of share	Nos. of share	% of total shareholding
1	Citi Link Apartment Ltd.	Shareholder	46,666,667	466,666,670	45.31
2	Mr. Moazzam Hossain	Managing Director	32,003,001	320,030,010	31.07
3	Hosaf Meter Industry Ltd.	Shareholder	16,796,667	167,966,670	16.31
4	Mrs. Mehtaj Hossain	Director	16,667	166,670	0.02
5	Mr. Shahadat Hossain	Director	166	1,660	0.00
6	New England Equity Ltd. (NEEL)	Shareholder	6,500,000	65,000,000	6.31
7	Mahmood Equity Ltd. (MEL)	Shareholder	500,000	5,000,000	0.49
8	Mr. Maruf Alam	Shareholder	500,000	5,000,000	0.49
9	Mrs. Ilya R. Hossain	Shareholder	16,667	166,670	0.02
10	Mr. Nasir uddin	Shareholder	166	1,660	0.00
<b>Total</b>			<b><u>103,000,00</u></b>	<b><u>1,030,000,000</u></b>	<b><u>100.00</u></b>

**A. Paid-up Capital raised after 30.06.2010**

The Company issued 11,000,000 ordinary shares of Tk. 10.00 each amounting to Tk. 110,000,000.00 to different institutions/individuals on 01.07.2010, the consent of which has been accorded by the Securities and Exchange Commission on 25.05.2010 and duly approved by the Registrar of Joint Stock Company and Firms. The details of this offering are as under:

Sl.No.	Name Of Investors	Nos of Share Taken	Total amount	% of total shareholding
1	Union Capital Ltd. Investor's Account	311,000	3,110,000	2.82
2	DBH First Mutual Fund	626,000	6,260,000	5.69
3	LR Global Bgd. Mutual Fund One	306,000	3,060,000	2.78
4	AIBL 1st Islamic Mutual Fund	51,000	510,000	0.46
5	Green Delta Mutual Fund	66,000	660,000	0.60
6	Delta Brac Housing Finance Cor. Ltd	100,000	1,000,000	0.90
7	Union Capital Ltd.	50,000	500,000	0.45
8	Voyager Bangladesh Ltd.	25,000	250,000	0.22
9	Dekko Accessories Ltd.	100,000	1,000,000	0.90
10	National Life Insurance Company Ltd.	100,000	1,000,000	0.90
11	Progressive Life Insurance Co Ltd	30,000	300,000	0.27
12	M & H Telecom Ltd.	50,000	500,000	0.45
13	Pubali Bank Ltd.	500,000	5,000,000	4.54
14	Peoples Leasing & Financial Services Ltd.	100,000	1,000,000	0.90
15	Mercantile Securities Ltd. Investor's portfolio a/c	100,000	1,000,000	0.90
16	M & H Telecom Ltd.	50,000	500,000	0.45
17	Provati Insurance Co. Ltd.	25,000	250,000	0.22
18	Quayum Securities Ltd.	5,000	50,000	0.04
19	Karnaphuli insurance co. ltd.	50,000	500,000	0.45
20	Meghna life insurance co ltd	50,000	500,000	0.45
21	Swadesh investment management ltd.	100,000	1,000,000	0.90
22	Bangladesh mutual securities ltd	50,000	500,000	0.45
23	S.B. Securities Ltd.	30,000	300,000	0.27
24	Mutual Capital Ltd.	50,000	500,000	0.45
25	The Premier Bank Ltd.	100,000	1,000,000	0.90
26	Standard Bank Ltd	165,000	1,650,000	1.5
27	Standard Bank Ltd	45,000	450,000	0.40
28	Southeast Finance & Commerce ltd	10,000	100,000	0.09
29	LankaBangla Finance Ltd.	310,000	3,100,000	2.81
<b>Sub-Total</b>		<b>3,555,000</b>	<b>35,550,000</b>	<b>32.32</b>
<b>General Investors Nos 342</b>		<b>7,445,000</b>	<b>74,450,000</b>	<b>67.68</b>
<b>Total</b>		<b>11,000,000</b>	<b>110,000,000</b>	<b>100.00</b>

**B. Paid-up Capital raised after 31.12.2010**

The Company issued 4,600,000 ordinary shares of Tk. 10.00 each amounting to Tk. 46,000,000.00 to different institutions/individuals on 09.01.11, the consent of which has been accorded by the Securities and Exchange Commission on 14.11.2010 and duly approved by the Registrar of Joint Stock Company and Firms. The details of this offering are as under:

Sl. No.	Name of Investors	No. of Shares Taken	Total Amount	% of total shareholding
1	Soft Bangla	10,000	100,000	0.21
2	KYCR Coil Industries Limited, C/O Khalilur Rahman	100,000	1,000,000	2.17
3	LankaBangla Finance Ltd	88,000	880,000	1.91
4	United Salt Industries Ltd.	200,000	2,000,000	4.34
5	Janata Flour and Dal Mills Ltd.	200,000	2,000,000	4.34
6	Bangladesh National Insurance Company Ltd.	200,000	2,000,000	4.34
7	Global Adstar Bag Industries Ltd.	200,000	2,000,000	4.34
8	United Edible Oils Ltd.	200,000	2,000,000	4.34
9	Dhaka Securities Ltd.	200,000	2,000,000	4.34
10	Dhaka Plastic Bottle (PET) Industries Ltd.	200,000	2,000,000	4.34
11	United Mineral Water & Pet Industries	200,000	2,000,000	4.34
<b>Sub-Total</b>		<b>1,798,000</b>	<b>17,980,000</b>	<b>39.09</b>
<b>General Investor Nos. 163</b>		<b>2,802,000</b>	<b>28,020,000</b>	<b>60.91</b>
<b>Total</b>		<b>4,600,000</b>	<b>46,000,000</b>	<b>100.00</b>

**Summary:**

Particulars	No. of Shares	Amount
(A)	103,000,000	1,030,000,000
(B)	11,000,000	110,000,000
(C)	4,600,000	46,000,000
<b>Total</b>	<b>118,600,000</b>	<b>1,186,000,000</b>

**5% or more of the Shareholding structure of the Company**

**(As on 10-01-2011)**

Sl. No.	Name	Status with the Company	No. of Shares	Percentage of ownership
1.	Citi Link Apartment Ltd. (Representative Mrs. Ilya R. Hossain)	Chairman	46,666,667	39.34%
2	Mr. Moazzam Hossain	Managing Director	41,886,335	35.32%
3	Hosaf Meter Industry Ltd. (Representative Mr. Mabroor Hossain)	Director	6,796,666	5.73%
4	New England Equity	Shareholder	6,500,000	5.48%

### Securities of the Company owned by each director

Securities owned by each director as on 10.01.2011 are given below:

Sl. No.	Name	Status with the Company	No. of Shares	Percentage of ownership
1.	Mrs. Ilya R. Hossain	Chairman	50,000	0.04%
2.	Mr. Moazzam Hossain	Managing Director	41,886,335	35.32%
3	Mabroor Hossain	Director	50,000	0.04%
4	Mrs. Mehtaj Hossain	Director	50,000	0.04%
5	Mr. Shahadat Hossain	Director	166	0.00%

### Performance at a Glance:

Tk. in million

Particulars	30-06-08	30-06-09	30-06-10	31-12-10
Sales		966.57	1,351.34	710.97
<i>Growth</i>			39.81%	-47.39%
Cost of sales		227.90	242.51	141.42
<i>Growth</i>			6.41%	-41.68%
Gross Profit		738.67	1108.83	569.55
<i>Growth</i>			50.11%	-48.64%
General and administrative expenses		63.95	87.66	55.35
<i>Growth</i>		207.30%	37.08%	-36.86%
Operating Profit		674.72	1,021.17	514.20
<i>Growth</i>		-3342.29%	51.35%	-49.65%
Financial expenses		150.69	288.73	124.15
<i>Growth</i>		1255.13%	91.61%	-57.00%
Other income		9.42	6.62	11.00
<i>Growth</i>			-29.72%	66.16%
Net Profit before Tax		533.45	739.06	401.05
<i>Growth</i>		-1770.69%	38.54%	-45.74%
Provision for taxation		45.90	57.53	37.85
<i>Growth</i>			25.34%	-34.21%
Net Profit after Tax		487.55	681.53	363.20
<i>Growth</i>		-1626.93%	39.79%	-46.71%
Total Assets	3872.84	5,608.46	6,723.82	6,629.38
<i>Growth</i>		44.82%	19.89%	-1.40%
<i>Paid Up Capital</i>	100,000	100,000,000	1,030,000,000	1,140,000,000
Shareholders' Equity (Net Assets)	10.10	817.55	2,739.07	3,096.00
<i>Growth</i>		7994.55%	235.03%	13.03%

weighted average number of shares outstanding		103,000,000	103,180,822	114,000,000
IPO				31,400,000
Post IPO Number of Shares				145,400,000
Net Asset Value Per Share		7.94	26.55	27.16
<i>Growth</i>			234.45%	2.30%
EPS		4.73	6.61	6.37 (Annualized)
<i>Growth</i>			39.54%	-3.53%
EPS (Restated)		4.28	5.98	3.19 (Annualized)
<i>Growth</i>			39.79%	-46.71%
<i>EPS (Considering post IPO number of shares)</i>		3.35	4.69	2.50 (Annualized)
<i>Growth</i>			39.79%	-46.71%

### TANGIBLE ASSETS PER SHARE

(As per Audited A/C as of 31.12.2010)

ASSETS	Amount (Taka)
<b>Non-Current Assets</b>	
Property, plant and equipment	3,111,486,512
Capital work-in-progress	2,800,200,948
<b>Current Assets</b>	
Inventories	20,791,895
Accounts Receivables	242,566,768
Loan, Advance & Deposits	263,243,009
Advance income tax	32,910,777
Cash and Bank Balances	158,176,448
<b>Total assets (A)</b>	<b>6,629,376,357</b>
<b>LIABILITIES</b>	
<b>Long-term liabilities</b>	
Long-term debts	1,529,436,885
<b>Current liabilities</b>	
Current maturity of long-term debts	1,395,590,563
Sundry creditors	397,505,740
Obligation under lease finance-current maturity	3,256,035
Dividend payable	114,000,000
Accruals	6,449,847
Income tax payable	87,131,526
<b>Total liabilities (B)</b>	<b>3,533,370,596</b>
<b>Net Asset Value (NAV) (A-B)</b>	<b>3,096,005,761</b>
<b>Number of Shares</b>	<b>114,000,000</b>
<b>Net Tangible Assets Per Share</b>	<b>27.16</b>

**Determination of the Public Offering Price:****Method 1 –Price based on Net Asset Value/ Equity based value per share (NAV)**

Sl. No.	Particulars	Amount	Net Amount
a	Paid-up capital		1,140,000,000.00
b	Share money deposit	302,731,000.00	
	Share Premium	935,000,000.00	
	Retained Earnings	718,274,761.00	
	Reserve & Surplus		1,956,005,761.00
c	Total Shareholders' Equity		3,096,005,761.00
d	Number of shares		114,000,000
e	<b>Net Assets Value per Share at BDT 10 per share</b>		<b>27.16</b>

**Method 2 –Price based on Earning per share (EPS):**

Financial Year	Net Profit	Paid-up Capital	no. of outstanding share	Weighted average no. of Share	Earnings per share (EPS)
31-Dec-10	726,400,306*	1,140,000,000	114,000,000	114,000,000	6.37
30-Jun-10	681,526,215	1,030,000,000	103,000,000	103,180,822	6.61
30-Jun-09	487,548,393	100,000,000	10,000,000	103,000,000	4.73
<b>Total</b>	<b>1,895,474,914</b>		<b>227,000,000</b>	<b>320,180,822</b>	<b>17.71</b>
<b>Average</b>	<b>631,824,971</b>		<b>75,666,667</b>	<b>106,726,941</b>	<b>5.90</b>

\*Annualized Net Profit after Tax = (Tk.363, 200,153.00\*2) =Tk.726, 400,306.00

Based on the above calculation the average net profit after tax stands at Tk. 631,824,971 and weighted average no. of share stands at 106,726,941 and weighted average EPS is Tk. 5.90. If we consider the share price of the Company on the basis of price earnings multiple of 18.65 (average PE from year 2005-2006 to 2009-2010, Source: DSE Monthly Review as on 31-01-2011), the earning based value of shares of the Company stands at **Tk. 110.04**.

**Method 3 –Price based on Projected Earnings per share (EPS):**

Financial Year	Earnings per share (EPS)
30-Jun-11	5.45
30-Jun-12	7.30
30-Jun-13	9.86
Average	7.54

If we consider the share price of the Company on the basis of price earnings multiple of 18.65 (average PE from year 2005-2006 to 2009-2010, Source: DSE Monthly Review as on 31-01-2011), the earning based value of shares of the Company would be at **Tk. 140.62**

**Method 4 –Price based on Projected Equity Based Value per share (NAV):**

Financial Year	Net Asset Value Per Share
30-Jun-11	43.00
30-Jun-12	51.00
30-Jun-13	60.00
<b>Average</b>	<b>51.33</b>

**Method 5 - Price Based On P/E Ratio of Similar Stocks**

Sl. No.	Company	Face Value	EPS	Market Price (12 months average)	P/E Ratio
1	Summit Power Limited	10.00	2.52	138.93	55.13
2	Meghna Petroleum Limited	10.00	8.25	264.75	32.09
3	Dhaka Electric Supply Co. Ltd.	100.00	100.35	2270.44	22.63
4	Power Grid Company Limited	100.00	42.39	975.25	23.01
5	Titas Gas Transmission & Dist. Co. Ltd.	100.00	63.67	955.85	15.01
<b>Average</b>					<b>29.57</b>

As on 31 December 2010, net profit after tax of the Company stood at Tk. 363,200,153.00 (for 6 months), EPS at Tk. 3.185 and annualized EPS was 6.37. If we consider the share price of the Company on the basis of P/E multiple of 29.57 (P/E ratio of similar stocks) then the value of shares of the Company would be at **Tk. 188.36**.

**Method 6 - Price based on P/BV Ratio of Similar Stocks**

Sl. No.	Company	Face Value	NAV	Market Price (12 months average)	P/BV Ratio
1	Summit Power Limited	10.00	15.66	138.93	8.87
2	Meghna Petroleum Limited	10.00	26.54	264.75	9.98
3	Dhaka Electric Supply Co. Ltd.	100.00	420.70	2270.44	5.40
4	Power Grid Company Limited	100.00	390.01	975.25	2.50
5	Titas Gas Transmission & Dist. Co. Ltd.	100.00	222.88	955.85	4.29
<b>Average</b>					<b>6.21</b>

As on 31 December 2010, Equity based value per share of the Company stood at 27.16. If we consider the share price of the Company on the basis of P/BV multiple of 6.21 (P/BV ratio of similar stocks) then the value of shares of the Company would be at **Tk. 168.66**

**Method 7 –Price based on Dividend Discount Model:**

As dividend is the most relevant cash flow for the minority shareholders of a Company, we have adopted Dividend Discount Model (DDM) for valuing the share of Energyprima Limited. The valuation is based on the forecasted earnings and dividend payments of the company prepared by Energyprima Limited.

**Assumptions:**

1. Required Rate of Return (RRR) is assumed at 12.00% where the risk-free rate is around 10%.
2. The dividend payout ratio is assumed to be 60% for the year 2011 and 2012. The perpetual payout ratio is assumed to be 40%.

3. Perpetual growth rate is determined by multiplying the average Return on Equity (ROE) for the three years projected from 2011 to 2013 by the projected retention rate.

**Determining Adjusted DPS and Present Value of Dividends:**

Particulars	1 <sup>st</sup> Stage			Terminal Year
	2010	2011	2012	2013
Projected Year	0	1	2	
EPS	6.37	5.45	7.30	9.86
Payment Ratio	-	60%	60%	40%
DPS		3.27	4.38	3.94
PV Factors		0.8929	0.7972	
Present Value of Dividend	0	2.92	3.49	
<b>Determining the Dividend Growth Rate (g):</b>				
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Return on Equity (ROE)		9.80%	14.43%	16.31%
(a) Average ROE =		13.51%		
(b) Retention Rate (g) =		60.00%		
Dividend Growth Rate (a)x(b) =		8.11%		
<b>Determining the Value of EPL Share:</b>				
Present Value of TV	= 80.77			
Present Value of Dividends	= 6.41			
Value Per Share	= 87.18			

\* The TV has been derived by dividing the dividend of year 2013 by the required rate of return less the perpetual growth rate i.e.  $DPS_{2013} / (\text{required rate of return} - \text{growth rate})$

**Finding and Calculation of the Fair Price of the share of the Company:**

Particulars	Value
Price based on Net Asset Value /Equity based value per share (NAV)	27.16
Price based on Earning per share (EPS)	110.04
Price based on Projected Earnings per share (EPS)	140.62
Price based on Projected Equity Based Value per share (NAV)	51.33
Price Based On P/E Ratio of Similar Stocks	188.36
Price based on P/BV Ratio of Similar Stock	168.66
Price based on Dividend Discount Model	87.18
<b>Average</b>	<b>110.48</b>

On the basis of the above calculation, by discounting 14% the company sets the share price @ 95.00 per share including a premium of Tk. 85.00 each.

## **RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS**

As with all investments, investors should be aware that there are some risks associated with an investment in the Company. The investors should carefully consider the following risks in addition to the information contained in the prospectus for evaluating the offer and taking the decision of whether to invest in shares of the company:

### **Interest rate risks**

Interest/financial charge are paid against any kind of borrowed fund/ preference shares. Instability in money market and increased requirement for fund may put pressure on interest rate structure. Any increase in the interest rate may have an impact on the profitability.

### **Management perception**

Currently, EPL has term debt obligation to several banks which carry fixed financial charges. Management of EPL is planning to pay off its term loans with the IPO proceeds which are expected to reduce the risk associated with increase in interest rate.

### **Exchange rate risks**

Devaluation of Taka against Dollar may increase estimated cost of any upcoming project.

### **Management perception**

EPL is fully aware of the risk related to currency fluctuation but practically doesn't possess any foreign exchange risk as the Monthly Rent Receipt and Operation and Maintenance Charge (O& M) is received in US dollar and is fixed. Machineries imported through L/C and the exchange rate of Islami Bank Ltd., NCC Bank Ltd. and AB Bank Ltd. is acceptable to BPDB under pass through payment process. Since all dues relating to import of machineries and equipments from abroad has been settled, exchange rate risk is not going to hamper business of the company.

### **Industry risks**

Currently the Company is operating in an industry where there is a significant gap between demand and supply. However, entry of new companies to this industry would make the business environment more competitive.

### **Management perception**

With the economy gradually growing, the demand for electricity is also expected to rise, hence stiff competition in this sector in the immediate future is not foreseen at this stage of development of our infrastructure. Moreover, agreement with BPDB provides guaranteed sales of 100% of EPL's capacity.

### **Market and technology-related risks**

Technology is related to generation, transmission, distribution, quantity measuring and maintenance of required electricity generation. Total operation is based on currently available technology. Any invention of new and more cost effective technology may cause operational obsolescence, thereby requiring substantial new investment.

### **Management perception**

The company is using state of the art technology and modern machines. Kumargaon power plant has 29 Nos of Caterpillar Gas Engine generator sets from USA, Shahjibazar power plant has 29 Nos Caterpillar Gas Engine of generator sets from USA, Bogra plant has 3 Nos of Deutz Gas Engine from German, 5 Nos of Wartsila Gas Engine from Finland, 2 Nos Nigata Gas Engine from Japan and Fenchugonj has 6 Nos Wartsila GAS Engine from Finland, 8 Nos GE Jenbacher Gas Engine from Austria, 4 Nos Rolls Royce Allison Gas Engine from UK and 3 Nos Ruston/Siemens Gas Engine from USA. Hence, chances of operational obsolescence are minimal.

### **Potential or existing government regulations**

The business activities of EPL is fully controlled by policies, rules and regulation framed by government, that is policies related to electricity price fixation, demand, supply and distribution is fully under the control of Government. Therefore, government policies in this regard may have impact on business operation of EPL.

### **Management perception**

The Government is committed to providing affordable and reliable electricity for economic and social development. The government has declared its vision for power sector to make the country free from load shedding beyond 2011 and to make electricity available for all by year 2020. Hence, management of the company is confident enough that regarding government policy EPL will not have to face any unfavorable situation.

### **Potential changes in global or national policies**

The performance of the company may be affected due to unavoidable circumstances in Bangladesh, such as political unrest, war, terrorism in the country, as well as global recession which it may adversely affect the economy in general.

### **Management perception**

The risk due to changes in global or national policies is beyond the control of any company. However, the GOB is well aware about the acute shortage of electricity. As a result, the GOB has already taken short, medium and long term positive initiatives for infrastructural development of electricity generation, as well as encouraging the participation of private entrepreneurs to ensure access to electricity for all.

### **Operational risks**

Uninterrupted supply of gas is critical for sustainable operation in the foreseeable future of the project under consideration.

### **Management perception**

BPDB has contracted with Titas Gas Transmission and Distribution Company Limited and Jalalabad Gas Transmission and Distribution System Limited for supply of gas to EPL power plants. Thereby, EPL has guaranteed supply of gas for uninterrupted operation of its power plants. In future, we have plans to set up heavy furnace oil (HFO) and coal based power plants.

**Pricing of input and output**

The private power plants sell electricity to BPDB at rates fixed by the GOB. For gas fuelled plants, the tariff for gas is also fixed by the GOB. Hence, the private power plants do not have any control on the prices of their output or input.

**Management perception**

Bangladesh is currently facing an acute shortage of electricity. Only about 49% of people have access to electricity and its power infrastructure is severely struggling to meet even the current demand. The significant demand-supply gap necessitates considerable new investment in generation and distribution infrastructure. Therefore, Government of Bangladesh (GOB) has sought investment from local and foreign entrepreneurs. The private power plants sell their generated electricity to BPDB or Rural Electrification Board (REB) at competitive rates determined by participation in local and international tenders.

**Disruption on the natural disasters**

Natural disasters like Cyclone, Tide and Earthquake may hamper normal performance of power generation.

**Management perception**

The routine and proper maintenance of the distribution network undertaken by BPDB reduces the risk of major disruption due to natural calamities. Furthermore, all risks associated with natural disasters are fully covered under the insurance agreement.