

Vantage Electrical & Electronics Ltd. **(VEEL)**

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

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Brief Overview of the Company

1. Date of Incorporation : May 28, 1998
2. Authorised Capital : Tk. 500 m
3. Paid up Capital : Tk. 99.50 m

Details of the Issue

Description	Ordinary Shares	Offer Value In Taka	Capital in Taka
Public Offering	9,50,000	100	95,000,000
Total Issue	9,50,000	100	95,000,000

Paid up Capital after IPO

Particulars	Ordinary Shares	Face Value (Tk.)	Capital in Taka
*Pre-IPO Paid up capital	9,95,000	100	99,500,000
IPO	9,50,000	100	95,000,000
Paid up capital after IPO	1,945,000	100	<u>194,500,000</u>

History of Paid up Capital

(Capital in Million)

Year	Issued, Subscribed and Paid-up Capital (million Tk.)	Sources of Capital
30.06.2004 to 30.06.07	4.40	Share issued on cash
30.06.08	99.50	do

Nature of Business

The Company is engaged in manufacturing and selling of various types of electrical and electronic power supply and power support products such as low and medium voltage substation equipments, single phase and three phase transformers, automatic voltage regulator (AVR), battery charger/rectifier, instant power supply (IPS), uninterruptible power supply (UPS) both online & offline, auto transfer switches for generators, surge arrester, fuse cutouts etc. under "VANSTAB" Brand.

Board of Directors

Name of Director	Designation	Involvement in other organization
Begum Akhtar Karim (Nominee of Vantage Engineering & Construction Ltd.)	Chairperson	Chairperson , Vantage International Ltd Vantage Engineering & Construction Ltd. Warm-Me-Woolen Mills Ltd.
Mr. Z.J.A.S. Siddique	Managing Director	Managing Director , Vantage International Ltd Vantage Engineering & Construction Ltd. Sino Bangla Ltd. Compass International Ltd. Vantage Electrical & Electronics Ltd. Vantage Marketing Ltd. Gauss Magnetics & Electronics Ltd. Vantage Technologies Ltd. Vantage Electrical & Engineering Ltd. Inter Face Bangla Ltd. Al-Bazz Infrastructure Ltd.
Ms. Tanya Karim	Director	Director, Vantage International Ltd. Vantage Engineering & Construction Ltd. Sino Bangla Ltd. Compass International Ltd. Vantage Electrical & Electronics Ltd. Vantage Marketing Ltd. Gauss Magnetics & Electronics Ltd. Vantage Technologies Ltd. Vantage Electrical & Engineering Ltd. Inter Face Bangla Ltd. Al-Bazz Infrastructure Ltd. Tanya Karim N.R. Khan associates
Engr. M. A. Mannan (Nominee of Gauss Magnetics & Electronics Ltd.)	Director	None.

Shareholding Structure

Name of Director	Designation	% Of Holding
Begum Akhtar Karim(Nominee of Vantage Engineering & Construction Ltd.)	Chairperson	27.96%
Mr. Z.J.A.S. Siddique	Managing Director	16.22%
Ms. Tanya Karim	Director	15.52%
Engr. M. A. Mannan (Nominee of Gauss Magnetics & Electronics Ltd.)	Do	40.20%
	Others	0.1%
Total		100%

Performance at a Glance:

(Figures in million in

Taka)

Particulars	30.06.04	30.06.05	30.06.06	30.06.07	30.06.08
Turn Over (Sales)	25.46	64.17	144.49	62.21	80.04
<i>Growth</i>		152.04%	125.17%	-56.95%	28.66%
Cost of goods sold	22.40	57.03	128.56	54.30	65.5
<i>Growth</i>		154.60%	125.43%	-57.76%	20.63%
Gross profit	3.06	7.14	15.93	7.91	14.54
<i>Growth</i>		133.33%	123.11%	-50.35%	83.82%
Selling & Administrative Expense	2.11	2.28	3.38	2.91	3.7
<i>Growth</i>		8.06%	48.25%	-13.91%	27.15%
Operating Profit	0.95	4.86	12.54	5.00	10.84
<i>Growth</i>		411.58%	158.02%	-60.13%	116.80%
Net Profit	0.14	3.53	10.67	3.09	7.31
<i>Growth</i>		2421.43%	202.27%	-71.04%	136.57%
Total Assets	21.72	34.11	123.35	79.43	153.37
<i>Growth</i>		57.04%	261.62%	-35.61%	93.09%
Net Assets	5.22	8.75	19.42	22.52	124.93
<i>Growth</i>		67.62%	121.94%	15.96%	454.75%
NAV per share (Diluted)	5.25	8.79	19.52	22.63	125.56
<i>Growth</i>		67.62%	121.94%	15.96%	454.75%
EPS (Diluted)	0.14	3.55	10.72	3.11	7.35
<i>Growth</i>		2421.43%	202.27%	-71.04%	136.57%
Diluted EPS (Considering Post IPO paid-up capital)	0.07	1.81	5.49	1.59	3.76
Particulars	30.06.04	30.06.05	30.06.06	30.06.07	30.06.08
Shareholders Equity	5.22	8.75	19.42	22.52	124.93
No. of Shares	44000	44000	44000	44000	995000
ROE	2.68%	40.34%	54.94%	13.72%	5.85%

ROA	0.64%	10.35%	8.65%	3.89%	4.77%
Net Profit Margin	0.55%	5.50%	7.38%	4.97%	9.13%
Asset Utilization	117.22%	188.13%	117.14%	78.32%	52.19%
Equity Multiplier	4.16	3.90	6.35	3.53	1.23
Short-term Debt	16.43	25.36	103.93	56.91	28.43
Long-term Debt					
Total Debt	16.43	25.36	103.93	56.91	28.43
Total Debt to Total Asset	75.64%	74.35%	84.26%	71.65%	18.54%
STD to Total Capital	75.64%	74.35%	84.26%	71.65%	18.54%
LTD to Total Capital	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Expense	0.72	1.2	1.71	1.7	1.56
EBIT	0.95	4.86	12.55	5.00	10.84
Time Interest Earned Ratio	1.32	4.05	7.34	2.94	6.95

Net Tangible Asset per Share

(As per audited accounts as at 30 June 2004, 2005, 2006, 2007 and 2008)

Particulars	30.06.04	30.06.05	30.06.06	30.06.07	30.06.08
Current assets	20,996,604	30,285,875	114,813,501	72,233,110	89,803,635
Fixed assets	722,099	2,666,806	7,381,825	6,269,465	61,169,380
Other assets	-	1,158,924	1,158,924	927,140	2,395,355
Total Assets (A)	21,718,703	34,111,605	123,354,250	79,429,715	153,368,370
Borrowing from Banks	10,028,359	21,895,892	98,475,757	51,436,215	19,585,311
Payables	6,241,023	3,170,462	5,002,949	4,801,992	6,212,502
Other liabilities	230,697	297,324	453,918	671,213	2,635,672
Total Liabilities (B)	16,500,079	5,363,678	103,932,624	56,909,420	28,433,485
Net Tangible Assets Value (A-B)	5,218,624	8,747,927	19,421,626	22,520,295	124,934,885
No. of ordinary shares	44,000	44,000	44,000	44,000	995,000
Net Tangible Assets per share	119	199	441	512	126
Face value per share	100	100	100	100	100

Use of proceeds:

IPO proceeds will be used for the following two purposes:

1. to pay off existing bank loan of Tk.19,585,311
2. to increase its existing capacity by expansion & modernization of facilities and to establish new product lines for Thick Plate Lead Acid Battery, Energy Saving Bulb, Tube Light, 33kV (medium voltage) substation equipment, Online UPS from 10kVA to 300kVA, CT/PT, solar panel etc. under existing factory facility.

Description of Fixed Assets:

(As per Audited Accounts as on 30.06.08)

(Amount in Taka)

Name of the Assets	Acquisition cost			Written down value
	Veel	Veel-2	Total Acquisition cost	
Land & Land Development	12,770,450	-	12,770,450	12,770,450
Factory Building	17,584,352	17,584,352	35,168,704	34,289,486
Machinery & Equipment	4,569,260	13,442,487	18,011,747	13,049,165
Transport Vehicle	380,975	-	380,975	323,829
Furniture & Fixture	293,600	-	293,600	93,557
Office Equipment	701,559	296,784	998,343	459,397
Temporary Shed	353,468	-	353,468	97,202
Electrical appliances	106,914	-	106,914	21,203
Sundry Assets	-	149,562	149,562	65,090
Total	36,760,578	31,473,185	68,233,763	61,169,380

RISK FACTORS & MANAGEMENT'S PERCEPTION ABOUT THE RISKS

An investment in equity shares involves a high degree of risk. All investors should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in VEEL's Equity Shares. If any of the following risks actually occur, their business, results of operations and financial condition could suffer, the trading price of their Equity Shares could decline, and investors may lose all or part of their investment.

Interest Rate Risk

Any volatility in money market causes the interest rate fluctuates and tends to be fixed in high. Increase in interest rate raises the cost of fund for business, which could adversely affect the business and future financial performance.

Management perception

Changes in interest rates may affect its financial results. The company, has so far, had to depend on debt financing. However, for future expansion, VEEL may need to secure debt financing on a limited scale. Therefore, any rise in interest rate may have an impact on its financial performance in the future.

Exchange Rate Risk

Though VEEL's operation does not really depend heavily on exchange rate fluctuations, changes in currency exchange rates can influences the result of the Company's operations. Foreign Exchange risk is defined as the potential change in earnings arising due to the change in market price.

Management perception

The issue is being addressed through various techniques, so that no exposure is uncovered in any time. The Company is always aware of such kind of fluctuations and subsequent operational volatility.

Potential or Existing Government Regulation

The Company operates under the specific guidelines and policies laid down by the Power Generation Cell, Bangladesh Power Development Board and other authorities. Any abrupt change of the policies/ guidelines formulated by the authorities may affect the business of the company adversely.

Management perception

In case any adverse policies are taken, the whole industry will be affected as a whole, which may eventually affect the business of the company. However, in normal circumstances, VEEL is prepared to cope with any abrupt changes of policies and guidelines of the authorities.

Industry Risk

Increase in red tapism in the bidding and other procurement process hampers the sales and subsequent financial results of the company. Lingering the process also may have impact on the production of the company.

Management perception

Changes in government policy and delaying in the tender process hampers company's production and financial figures. But at present we are much behind the required capacity generation in the power sector. We may reasonably expect that, the process will be smoothening in near future and thus help the company as well as the industry soon.

Competitive Business Environment- the Company currently competes with many other peer companies who are larger than VEEL in terms of size of operation and other aspects. This includes large scale power generation companies and foreign multinationals. If VEEL cannot improve its capital base, technology and customer services it may lose a significant portion of its business to its competitors.

Management perception

The Company has positioned itself to become a market leader in some of the segments it operates. The company has laid emphasis on customer satisfaction through efficient after sales service. It has scaleable technology to support business growth. It has further plan to increase its operational channels and distribution network and actively cross sell its various products.

Market & Technology Related Risk

The power supply equipment industry of Bangladesh is a competitive one, though number of major market shareholders' are few in number. Entering of new entities into the market is increasing the competitiveness of the market. Technology plays vital role for ensuring better services to the customers and minimize the cost in various aspect. So no power generation company can thrive without embracing new technology, which is changing firstly.

Management perception

VEEL is continuously upgrading its technological aspects and making it comparable to that of any other country. VEEL believes that new horizons will always open up and new products will be developed as the quest for innovation is inherent in the philosophy of top-grade companies and as well for VEEL.

Potential Change in Global or National Policies

The performance of the company may be affected due to unavoidable circumstances both in Bangladesh and worldwide, as such political turmoil and disturbance in the country may adversely affect the economy in general.

Management perception

The management of the Company is always concerned about the prevailing and future changes in the global and national policy and shall react appropriately and timely to such scenarios.

VEEL's brand image and wide distribution network amongst its customer group will always enable it to withstand any such potential threats. In addition to the foregoing, Government policy may help bring down the cost of raw materials helping the existing companies to reduce their production costs.

Operational Risk

- **External Factors**

VEEL's results have been and may be affected by factors outside its control such as political unrest, hartals, civil commotion and acts of terrorism either in Bangladesh or outside Bangladesh. Disruptions and acts of terrorism across the world post 9/11 have significantly affected the crude oil market, prices of which impacts directly or indirectly on the company's raw material prices. The continuation of such events including natural disasters could interrupt VEEL's business for significant periods. The occurrence of all such events including natural disasters such as floods could interrupt VEEL's business.

Management Perception:

VEEL's plants are located at a good place, distant from the city area. The workforce is well remunerated and most of them live in the surrounding areas of the respective plants. Therefore, management believes that political unrest will have little impact upon the key operations of the company.

VEEL has taken comprehensive insurance coverage for all assets to mitigate the loss due to any probable or possible disaster.

The company is also well aware of the impact of seasonality in its sales, which is considered in all of the budget and projections of the company. However, consumption of power supply equipment is increasing significantly day by day due to changes in worldwide climate such as, "Green House Effect" and also huge environmental pollution.

- **Changes in Taxation and Value Added Tax**

Changes in tax and VAT laws, their upward revisions and especially sudden, unpredictable changes could adversely impact results of operations and cash flows, amongst other things.

Management Perception:

Like all other governments, the present Government of Bangladesh also holds commitment for economic emancipation of the nation, which can be achieved through maintaining sustainable industrial growth. Therefore, it is highly unlikely that the Government will initiate any fiscal measure having adverse effect upon industrialization.

Management Risk

Turnover of key managerial personnel, executives and officers may have adverse impact on business, operating results and future growth.

Management perception

VEEL has been offering competitive package to its employees of all ranks. The company has reputation for cordial and congenial working environment. The staff turn-over ratio is at its lowest point. The company has been arranging training of its core personnel on a continuous basis to face the growing challenges of the changing work environment, increase in customer expectations and growing sophistication of technology and processes. An important personnel strategy of the company is the development of alternative leadership in all areas of its activities. Therefore, the management of VEEL feels that company is well prepared to handle the situation in the foreseeable future.