

**Circuit Breaker**  
50% in First Two Days

**Free Float (Post IPO)**  
21.3% (40.2 mn Shares)

**Annualized EPS**  
BDT 1.40

#### IPO Summary

Authorized Number of Shares, mn	500.00
Authorized Capital, BDT mn	5,000.00
Pre IPO Number of Shares, mn	149.87
Pre IPO Paid Up Capital, BDT mn	1,498.70
Post IPO Number of Shares, mn	190.16
Post-IPO Paid Up Capital, BDT mn	1,901.63
Face Value (BDT)	10.00
New shares Issued through IPO, mn	402.94
Cut-off Price , BDT	35.00
Offer Price , BDT	31.00
Directors Holding (post IPO basis), %	54.1%
Free Float (post IPO basis, IPO portion), %	21.2%
Financial Year End	June
Annualized PAT, BDT mn*	226.2
Annualized , BDT (pre IPO)*	1.76
Annualized , BDT (post IPO)*	1.4

**Issue Manager: LankaBangla Investments Limited**  
**Auditor: Howladar Yunus & Co. Chartered Accountants**

#### Use of IPO Proceeds

Particulars	BDT mn	% of Proceed
Import of LPG Cylinders	521.9	34.8%
Procurement of LPG Carrier & Accessories	262.3	17.5%
Loan Repayment	500.0	33.3%
Procurement of Material for LPG Cylinders	175.7	11.7%
IPO Expenses	40.1	2.7%
<b>Total</b>	<b>1,500.0</b>	<b>100%</b>

#### Price Multiple based on theoretical price (post IPO basis)

**Theoretical Market Price and PE**  
Based on EPS of June 2019 BDT 3.12

Price	31	36	41	46	51	56	61	66
PE	22.14	25.71	29.29	32.86	36.43	40.00	43.57	47.14

#### Subsidiaries of EPVL

Company	Capacity, MW	Direct	Indirect	Net Holding	Net Holding MW
Energypac Power Venture Limited	11.0	90.0%	0.0%	90%	9.90
Energypac Power Venture Chattagram Limited	108.0	10.0%	81.0%	91%	98.28
Energypac Power Venture Thakurgaon Limited	115.0	0.0%	45.9%	46%	52.79
Zodiac Power Chittagong Limited	54.4	44.1%	0.0%	44%	23.97

#### Energypac Power Generation Limited

This IPO short note is initiated on Energypac Power Generation Limited (DSE Ticker: EPGL) with no assigned rating. The company will be listed with the bourses on Tuesday, 19th January, 2021 under "N" category. EPGL raised BDT 1500.0 million through IPO and the fund will be utilized for Import of LPG Cylinders (34.8%), Procurement of LPG Carrier & Accessories (17.5%), Loan Repayment (33.3%), Procurement of Material for LPG Cylinders (11.7%) and IPO Expense (2.7%)

The capital structure of the company is mostly financed through debt. The company has interest bearing liabilities of BDT 20,449.2 mn. As of March 2020, the debt to equity and debt to assets ratio of the company was 317.5% and 57.5% respectively. Debt to capital ratio was 0.76x (76% of the capital base was financed through debt).

On Post-IPO basis, the company is going to be listed with Annualized ROE and ROA of 2.5% and 0.7% respectively (including IPO fund). It will be trading at 22.1x PE, 0.56X PBV (at offer price of BDT 31.0).

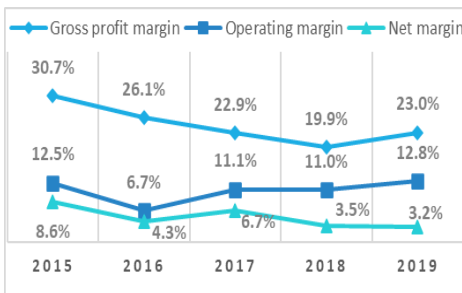
According to the recent disclosure, The net profit of the company stood at BDT 66.5 million in the first quarter of 2020-21. As of September 2020, Per IPO EPS stood at BDT 0.44, Whereas Post IPO EPS was recorded BDT 0.35.

#### Comparison between listed peer companies (post-IPO basis)

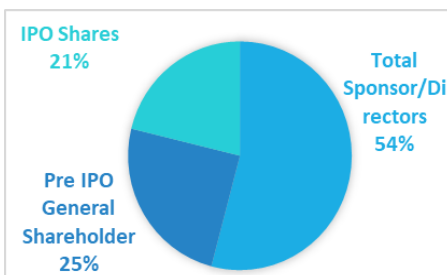
Particulars	EPGL	Peer Average	IFADAUTOS	RUNNERAUTO	BARKAPOW	DOREENPWR	MILBD	
Revenue	BDT Million	12,003.6	7,772.9	7,772.9	9,464.9	4,655.4	4,746.3	18,867.1
Net Profit After Tax	BDT Million	266.2	567.1	229.9	224.1	567.1	797.8	1,845.4
Total Equity (Post IPO)	BDT Million	10,517.3	7,197.4	9,853.7	7,197.4	4,594.5	6,155.4	10,796.5
Total Assets	BDT Million	35,559.3	19,664.5	33,634.2	22,293.0	17,905.3	14,812.3	19,664.5
Number of Share	Million	190.2	235.5	253.0	113.5	235.5	144.4	316.8
Sponsor & Director share holding	%	54.1%	63%	62.8%	50.0%	31.0%	66.6%	71.5%
Free Float Shares	%	45.9%	37%	37.2%	50.0%	69.0%	33.4%	28.5%
Paid up Capital	BDT Million	1,901.6	2,354.7	2,529.5	1,135.4	2,354.7	1,443.9	3,167.5
Market Capitalization	BDT Million	5,895.1	8,650.2	11,854.9	5,804.9	6,328.5	8,650.2	24,048.9
EPS	BDT ps	1.40	2.4	0.91	1.97	2.41	5.53	5.83
NAVPS (Including IPO Fund)	BDT ps	55.31	39.0	38.95	63.39	19.51	42.63	34.09
Price Per Share (SMA30)	BDT ps	31.0	51.1	46.9	51.1	26.9	59.9	75.9
Gross Profit Margin	%	23.0%	26%	17.2%	26.4%	40.1%	27.9%	22.8%
Operating Profit Margin	%	12.8%	18%	10.6%	9.8%	34.1%	25.0%	17.6%
Net Profit Margin	%	3.2%	10%	3.0%	2.4%	14.3%	17.4%	9.8%
ROE (trailing)	%	2.5%	12%	2.3%	3.1%	12.3%	13.0%	17.1%
ROA (trailing)	%	0.7%	3%	0.7%	1.0%	3.2%	5.4%	9.4%
Interest bearing liabilities	BDT Million	20,449.2	8,171.4	22,780.4	10,644.0	7,017.3	8,171.4	2,949.1
Debt/Equity	%	194.4%	148%	231.2%	147.9%	152.7%	132.8%	27.3%
Debt/Assets	%	57.5%	48%	67.7%	47.7%	39.2%	55.2%	15.0%
Debt/Capital	%	66.0%	60%	69.8%	59.7%	60.4%	57.0%	21.5%
P/E (trailing)	X	22.1	13.0	51.6	25.9	11.2	10.8	13.0
P/BV	X	0.56	1.4	1.20	0.81	1.38	1.41	2.23
P/S	X	0.49	1.4	1.53	0.61	1.36	1.82	1.27
EV/EBITDA	X	11.25	11.8	34.40	11.81	6.21	12.15	5.02
Cash Dividend	%	-	10%	9%	10%	10%	17%	45%
Dividend Yield	%	-	3%	1.9%	2.0%	3.7%	2.84%	5.93%

\*Revenue for EPGL is 9M annualized  
\*PAT and NAV of EPGL is Q1 annualized

### Profit margin of EPGL



### Shareholding Structures (post-IPO basis)



### Shareholding Structures in detail (post-IPO basis)

#### Shareholding Pattern of EPGL (as on 30 June 2019)

Shareholders	No. of Shares	Post IPO %
Total Sponsor/Directors	102,934,705	54.1%
Pre IPO General Shareholder	46,934,949	24.7%
IPO Shares	40,293,566	21.2%
<b>Total No of Share</b>	<b>190,163,220</b>	

Name of Shareholders	No. of Shares	Post IPO %
Mr. Rabiul Alam	6,054,983	3.2%
Mr. Humayun Rashid	6,054,983	3.2%
Mr. Enamul Haque Chowdhury	6,054,983	3.2%
Mr. Nurul Aktar	6,054,983	3.2%
Mr. Rezwanul Kabir	6,054,983	3.2%
Energypac Engineering Ltd.	72,659,790	38.2%
<b>Total Sponsor/Directors</b>	<b>102,934,705</b>	<b>54.1%</b>
<b>Pre IPO General Shareholder</b>		
Investment Corporation of Bangladesh (ICB)	3,045,000	1.6%
Dr. Meerjady Sabrina Flora	6,054,983	3.2%
Mrs. Mahfuza Rahman Chowdhury	6,054,983	3.2%
Mrs. Rifat Farzana	6,054,983	3.2%
ICB Unit Fund	7,245,000	3.8%
Bangladesh Fund	2,835,000	1.5%
Other Institutions/Corporates	15,645,000	8.2%
<b>Total Pre IPO General Shareholder</b>	<b>46,934,949</b>	<b>24.7%</b>

Source : IPO Prospectus, DSE and CBC Research , January 2021

### Company Overview

Energypac Power Generation Ltd. (EPGL) was incorporated as private limited company on July 15, 1995 and converted to a public limited company on December 27, 2011. Having established itself as a leading provider of complete power engineering solutions, Energypac is emerging as a first choice global supplier of environmentally compatible electronic equipment. Its motto is: "Energy works wonders".

EPGL is engaged in diversified business including the trading of generators, automobiles, agro machineries equipment, construction machineries, material handling equipment and operation of CNG stations with aftersales services. EPGL also engages in EPC contracts and has established Steelpac to provide engineering design solutions. EPGL's two subsidiary companies are Energypac Confidence Power Venture Limited and ECPV Chittagong Limited.

### Key investment positives

- Energypac Power Generation Limited is engaged in diversified business including engineering products like generators, assembling JAC brand pick up van, LPG, CNG and power plant etc. Top line numbers are expected to grow at an average rate of 13.8% in next five years.
- At present the company holds directly and indirectly 184.97 MW power plants. Energypac Power Venture Thakurgaon Limited having capacity of 115 MW (45.9% indirect ownership of EPGL) yet to come in operation.
- LPG contributed 38.4% of total revenue (solo basis). As current market demand of LPG is around 6,00,000 MT and it is expected to increase at 14,00,000 MT within next 5 years, so we are expecting that revenue from LPG segment will increase further.
- If the company can improve the efficiency of Energypac Power Venture Thakurgaon Limited having capacity of 108 MW then the profitability of the company will increase significantly.
- BMD & EPC contracts is also attractive revenue components of the company, during 2018 to 2019 the company has signed few contracts in EPZ at Mirsharai, Chittagong.

### Key risk and challenges for the company

- Energypac Power Generation Limited is a highly leveraged company. As of financial statement of March 2020, the Debt to equity and debt to asset ratio was 317.5% and 57.5%.
- Net profit margin of the company is very low. From 2015 to 2019, average topline growth was 27.5% whereas, bottom line growth was only 3.6% and average NPM of the same period stood at 5.3%. The return numbers of the company is very low. ROE and ROA of the company is 2.5% and 0.07% respectively .

### Board and management

The board of Energypac Power Generation Limited consist of 8 members including chairman and managing director. The directors and sponsor's hold 54.1% of the share (on post IPO shares of 190.2 million).

**Mr. Rabiul Alam** is the Chairman of EPGL. After completing his degree in Electrical Engineering from BUET in 1984, he obtained over 33 years of experience in business along with several professional training certifications such as High Voltage Testing and Insulating Materials from Roorkee University, India and Industrial Engineering organized by Asian Productivity Organization, Japan. His contribution in the expansion of EPGL is massive. Currently, he also acts as the Managing Director or Director of several Energypac companies including Energypac Agro Limited and Energypac Electronics Limited.

**Mr. Humayun Rashid** is the Managing Director and Chief Executive Officer of EPGL. He obtained his Bachelor degree from the University of Dhaka in 1982 and attended several training programs on Entrepreneurship, Leadership, Retail Product Marketing, Occupational Hazard and Safety both in Bangladesh and in AOT-Japan and IIM-India. His 32 years of business experience include being the past senior vice president of Dhaka Chamber of Commerce and Industries and the immediate past president of France-Bangladesh Chamber of Commerce and Industries. He is the current vice president of International Business Forum of Bangladesh. He is also the founder director of several Energypac companies such as Energypac Engineering Limited and Energypac Transformer battery. Besides these, he holds membership in some renowned social organizations such as the Rotary Club of North Dhaka.

### Financials of Energypac Power Generation Limited

BDT mn	2014A	2015A	2016A	2017A	2018A	2019A
<b>Income Statement</b>						
Revenue (Net)	4,271.3	3,132.9	3,480.0	4,545.7	12,444.4	14,399.0
Cost of Goods Sold (COGS)	3,227.6	2,171.3	2,572.0	3,506.7	9,972.1	11,086.4
<b>Gross Profit</b>	<b>1,043.7</b>	<b>961.6</b>	<b>908.0</b>	<b>1,039.0</b>	<b>2,472.2</b>	<b>3,312.6</b>
Operating Expenses	566.7	618.9	684.2	646.6	1,068.0	1,428.6
<b>EBIT</b>	<b>477.0</b>	<b>342.8</b>	<b>223.8</b>	<b>392.4</b>	<b>1,404.2</b>	<b>1,884.1</b>
Financial Income	172.8	204.5	213.6	189.4	97.9	28.2
Financial Expense	(161.7)	(217.0)	(248.6)	(267.7)	(855.8)	(1,245.6)
Gain/ loss from shares	(2.7)	(1.8)	(2.3)	2.7	(5.1)	(4.8)
Provision for WPPF	-	-	(6.9)	(17.4)	(21.7)	(25.3)
Share of profit/(Loss) of associate	(28.0)	33.1	58.2	37.5	-	-
Research and Development Expense	(2.4)	(3.1)	(2.2)	(1.3)	(2.9)	(4.3)
Exchange Gain/ Loss	105.7	(14.2)	(76.1)	4.4	(43.9)	(36.0)
Other Operating Income	35.8	33.8	37.3	47.7	36.4	31.1
<b>Net Profit/(Loss) Before Tax</b>	<b>119.5</b>	<b>378.1</b>	<b>196.8</b>	<b>426.3</b>	<b>609.1</b>	<b>627.5</b>
Tax (net)	194.4	109.5	46.8	121.8	155.6	147.5
<b>Net Profit (NPAT)</b>	<b>402.1</b>	<b>268.6</b>	<b>150.0</b>	<b>304.6</b>	<b>453.5</b>	<b>479.9</b>
<b>PAT to CS</b>	<b>402.1</b>	<b>268.6</b>	<b>150.0</b>	<b>304.3</b>	<b>437.5</b>	<b>467.4</b>
<b>Restated EPS</b>	<b>2.7</b>	<b>1.8</b>	<b>1.0</b>	<b>2.0</b>	<b>2.9</b>	<b>3.1</b>
<b>Balance Sheet</b>						
BDT mn	2014A	2015A	2016A	2017A	2018A	2019A
<b>Assets</b>						
Property, Plant & Equipment	2,100.0	2,190.8	2,281.0	11,322.3	17,229.4	19,049.3
Goodwill	-	-	-	130.0	130.0	130.0
Intangible Asset	0.9	1.0	1.5	0.9	21.2	19.0
Construction work in progress	101.1	175.8	293.1	1,687.7	558.7	985.8
Investment in Non Listed Companies	23.0	23.0	23.0	18.0	215.0	215.0
<b>Non-current Assets</b>	<b>3,122.2</b>	<b>3,324.2</b>	<b>3,587.5</b>	<b>13,186.3</b>	<b>18,154.2</b>	<b>20,399.1</b>
Accounts Receivable	2,433.0	2,520.2	1,974.4	2,983.2	4,715.9	4,745.2
Other Receivables	26.9	30.0	36.1	23.9	46.7	69.9
Closing Stock (Inventory)	502.3	638.7	705.4	1,686.8	3,033.3	2,690.3
Advance, Deposit and Prepayments	98.4	127.0	220.6	409.8	695.7	1,140.8
Investment in Shares	61.9	10.1	8.9	12.3	7.1	2.3
Advance income tax	107.4	257.1	504.2	650.3	790.2	998.7
Inter Company Receivables	212.6	274.4	186.5	59.6	61.4	706.4
Cash and cash equivalent	1,787.6	1,429.4	1,712.1	2,870.3	2,464.5	1,283.8
<b>Current Assets</b>	<b>5,230.0</b>	<b>5,286.8</b>	<b>5,348.1</b>	<b>8,696.2</b>	<b>11,814.8</b>	<b>11,637.5</b>
<b>Total Assets</b>	<b>8,352.2</b>	<b>8,611.0</b>	<b>8,935.6</b>	<b>21,882.5</b>	<b>29,969.0</b>	<b>32,036.6</b>
<b>Liability &amp; Equity</b>						
<b>Liability</b>						
Term Loan Current Portion	16.4	114.6	158.7	4,717.5	7,268.0	8,094.8
Bank Overdraft	588.5	1,050.6	1,353.6	1,733.9	2,184.7	942.1
Short Term Loan	1,272.4	922.1	1,122.7	3,235.6	2,594.7	3,258.2
Trade Payables	896.7	478.0	397.8	561.2	1,867.2	2,706.0
Other Payables	83.8	147.2	129.0	338.1	2,235.5	1,718.4
Advances and deposits from Customers	26.3	33.1	43.1	47.5	110.0	142.7
Billed in Advances	126.8	96.2	-	140.6	468.5	7.4
Deferred Revenue	4.5	4.0	5.1	6.6	9.0	5.2
Provision for gratuity	-	7.4	7.4	16.3	36.7	54.3
Provision for warranty	-	-	1.0	1.0	1.0	1.0
Inter Company Payables	121.6	104.3	58.3	39.6	36.9	737.2
Provision for Income tax	559.0	671.8	723.1	859.1	885.6	985.6
<b>Current Liabilities</b>	<b>3,696.8</b>	<b>3,629.4</b>	<b>3,999.9</b>	<b>11,697.1</b>	<b>17,697.9</b>	<b>18,652.9</b>
Long term loan	68.8	197.7	129.1	4,469.6	5,010.7	5,170.5
Deferred tax liability non current portion	-	-	53.6	82.1	182.4	229.0
<b>Non-current Liabilities</b>	<b>68.8</b>	<b>197.7</b>	<b>182.8</b>	<b>4,551.7</b>	<b>6,104.4</b>	<b>6,494.4</b>
<b>Total Liabilities</b>	<b>3,765.6</b>	<b>3,827.0</b>	<b>4,182.7</b>	<b>16,248.7</b>	<b>23,802.3</b>	<b>25,147.4</b>
Share Capital	1,427.3	1,498.7	1,498.7	1,498.7	1,498.7	1,498.7
Share Premium	931.6	931.6	931.6	931.6	931.6	931.6
Revaluation Reserve	1,399.4	1,399.4	1,345.8	1,969.9	2,240.9	2,240.9
Retained Earnings	828.3	954.2	976.8	1,190.1	1,420.3	2,096.0
<b>Shareholder's Equity</b>	<b>4,586.7</b>	<b>4,783.9</b>	<b>4,752.9</b>	<b>5,590.3</b>	<b>6,091.5</b>	<b>6,767.2</b>
<b>Total Liabilities &amp; Equities</b>	<b>8,352.2</b>	<b>8,611.0</b>	<b>8,935.6</b>	<b>21,882.5</b>	<b>29,969.0</b>	<b>32,036.6</b>

## Financials of Energypac Power Generation Limited

Key Metrics						
Growth Analysis	2014A	2015A	2016A	2017A	2018A	2019A
Revenue Growth	-44.6%	-26.7%	11.1%	30.6%	173.8%	15.7%
COGS	-47.4%	-32.7%	18.5%	36.3%	184.4%	11.2%
Gross Profit Growth	-33.6%	-7.9%	-5.6%	14.4%	137.9%	34.0%
Op. Profit (EBIT)	-54.1%	-28.1%	-34.7%	75.3%	257.8%	34.2%
EBITDA Growth	-89.6%	299.5%	-34.9%	207.0%	78.6%	41.3%
PAT growth	-36.8%	-33.2%	-44.1%	103.0%	48.9%	5.8%
Margin Analysis	2014A	2015A	2016A	2017A	2018A	2019A
Gross profit margin	24.4%	30.7%	26.1%	22.9%	19.9%	23.0%
Operating margin (EBIT)	2.5%	12.5%	6.7%	11.1%	11.0%	12.8%
EBITDA	2.5%	13.8%	8.1%	19.1%	12.4%	15.2%
Net margin	9.4%	8.6%	4.3%	6.7%	3.6%	3.3%
Net margin (NI to CS)	9.4%	8.6%	4.3%	6.7%	3.5%	3.2%
Return Analysis	2014A	2015A	2016A	2017A	2018A	2019A
ROIC (or ROI), %	-1.3%	4.0%	2.5%	1.9%	5.2%	7.0%
ROE, %	8.8%	5.6%	3.2%	5.4%	7.5%	7.3%
ROA, %	4.8%	3.1%	1.7%	1.4%	1.7%	1.5%
Debt Analysis	2014A	2015A	2016A	2017A	2018A	2019A
Interest Bearing Liabilities, BDT mn	1,947.0	2,285.0	2,764.2	14,156.6	17,058.1	17,465.6
Cash & Cash Equivalent, BDT mn	1,787.6	1,429.4	1,712.1	2,870.3	2,464.5	11,780.2
Net Borrowing, BDT mn	159.4	855.6	1,052.1	11,286.3	14,593.6	1,140.8
Debt/Equity (book)	0.42	0.48	0.58	2.53	2.80	2.58
Debt/Assets	0.23	0.27	0.31	0.65	0.57	0.55
Debt/Capital	0.30	0.32	0.37	0.72	0.74	0.00
Efficiency Ratios	2014A	2015A	2016A	2017A	2018A	2019A
Current Ratio	1.41	1.46	1.34	0.74	0.67	0.62
Inventory Turnover	6.8	3.8	3.8	2.9	4.2	3.9
Days' sales in Inventory	0.16	0.29	0.27	0.48	0.30	0.24
Times interest earned	3.0	1.6	0.9	1.5	1.6	1.5
Total Asset Turnover	0.9	0.7	0.7	0.8	2.1	2.2
Cash Conversion Cycle	174.5	254.7	262.4	281.3	223.5	167.6

## Analyst Certification

*All of the views expressed in this document accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.*

## Disclaimer

*This Document/Report has been prepared and issued by City Bank Capital Resources Limited (CBC) on the basis of the public information available in the market, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts and information stated in the Documents are accurate as on the date mentioned herein. Neither CBC nor any of its director, shareholder, member of the management or employee in the research team or employee represents or warrants expressly or impliedly that the information or data of the sources used in the document are genuine, accurate, complete, authentic, and correct. Moreover, none of the director, shareholder, member of the management or employee in the research team or employee represents in any way be responsible about the completeness, authenticity and correctness of the sources that are publicly available to prepare the Document. It does not solicit any action based on the materials contained herein and should not be construed as an offer or solicitation to BUY or SELL or SUBSCRIBE to any security. If any person takes any action relying on this Document, shall be responsible solely by himself/herself/ themselves for the consequences thereof any claim or demand for such consequences shall be rejected outright by CBC or by any court of law.*

## Analyst

Syed Enayet Hossain	Head of Research	+88 01766 669 551	enayet@cbcr.com
Nahid Hasan	Research Analyst	+88 01681 433 976	nahid@cbcr.com
Samiya Rahman Momo	Trainee Analyst	+88 01311 456 038	Samiya@cbcr.com

## Contact

*City Bank Capital Resources Limited (subsidiary of The City Bank Limited)  
City Centre, 13th Floor, Level-14, Unit ID: 13D, 90/1 Motijheel C/A, Dhaka-1000, Bangladesh  
Land Line: + (880)-2-9565925/Fax: + (880)-2- 9585377 | Web: <http://www.cbcr.com>*