

Circuit Breaker
50% in First Two Days

Free Float (Post IPO)
17% (20.8 mn Shares)

Annualized EPS
BDT 3.56

IPO Summary

Authorized Number of Shares, mn	200.0
Authorized Capital, BDT mn	2,000.0
Pre IPO Number of Shares, mn	100.0
Pre IPO Paid Up Capital, BDT mn	1,000.0
Post IPO Number of Shares, mn	120.8
Post-IPO Paid Up Capital, BDT mn	1,207.7
Face Value (BDT)	10.0
New shares Issued through IPO, mn	20.8
Cut-off Price , BDT	60.0
Offer Price , BDT	54.0
Directors Holding (post IPO basis), %	48.6%
Free Float (post IPO basis, IPO portion), %	17.1%
Financial Year End	June
Annualized PAT, BDT mn*	430.2
Annualized , BDT (pre IPO)*	4.3
Annualized , BDT (post IPO)*	3.56

Issue Manager: IDLC Investments Limited
Auditor: G.Kibria & Co., Chartered

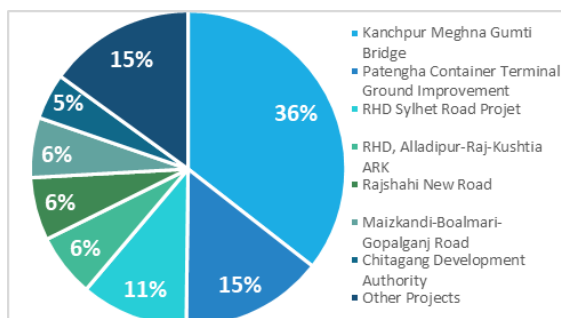
Use of IPO Proceeds

Particulars	BDT mn	% of Proceed
Heavy Equipment	503	40.24%
Repayment of Bank Loan	400	32.00%
Aggregate Processing Plant	127	10.16%
Warehouse and Workshop for Equipment Maintenance and Refurbishment	101	8.07%
Asphalt Plant	47	3.74%
Concrete Batching Plant	37	2.99%
Estimated IPO Expenses	35	2.80%
Total	1,250	100%

Price Multiple based on theoretical price (post IPO basis)

Theoretical Market Price and PE	
Based on Annualized EPS of H1 2020 BDT 3.56	
Price	54.0 81.0 121.5 133.7 147.0 161.7 177.9 195.7
PE	15.2 22.8 34.1 37.5 41.3 45.4 50.0 55.0

Revenue Breakdown



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

Mir Akhter Hossain Limited

This IPO short note is initiated on Mir Akhter Hossain Limited (DSE Ticker: MIRAKHTER) with no assigned rating. The company will be listed with the bourses on Tuesday, 3rd February, 2021 under “N” category. MIRAKHTER raised BDT 1250.0 million through IPO and the fund will be utilized for Heavy Equipment (40.2%), Repayment of Bank Loan (32.0%), Aggregate Processing Plant(10.2%), Equipment Maintenance and Refurbishment (8.07%), Asphalt Plant (3.74%), Concrete Batching Plant (2.99%) and IPO Expense (2.8%).

Mir Akhter Hossain Limited is a highly debt burdened company. The company has interest bearing liabilities of BDT 15,755.2 mn. As of March 2020, the debt to equity and debt to assets ratio of the company was 453.9% and 92.7% respectively. Debt to capital ratio was 0.81x (81.9% 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 6.6% and 2.0% respectively (including IPO fund). It will be trading at 15.2x PE, 1.0X PBV (at offer price of BDT 54.0).

According to the recent disclosure, The net profit of the company stood at BDT 215.1 million in the first half of 2020-21. As of December 2020, Per IPO EPS stood at BDT 2.15, Whereas Post IPO EPS was recorded BDT 1.78.

Company Overview

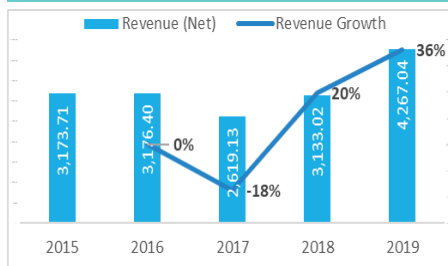
Mir Akhter Hossain Limited is a construction company which was established in 1968. It is involved in various infrastructure projects including roads and bridges, airports, railway tracks, power plants, buildings and factories, river dredging, gas pad drilling using high-tech utility rigs, railway sleepers and poles, and soil stabilization. Its vision is to fully participate in the infrastructure development of Bangladesh by providing high quality construction while optimizing opportunities for all stakeholders. It executes projects of international standards using its partnerships with multinational companies including Samwhan Corporation of Korea, Ranken Railways Construction Group Company Limited of China, Sadeem Al Kuwait for General Trading and Contracting Company of Kuwait, and Komaihaltec Inc. of Japan.

Backed by its strong culture of key employee retention, innovative and strong execution, strong customer base and an extensive network in the industry, Mir Akhter’s 3,590 employees are currently working on 34 projects valued at around BDT 57,616 million. These include the construction of sixteen bridges in the Rajshahi zone and the development of four airports- Osmani International Airport Sylhet, Cox’s Bazar Airport, Shah Amanat International Airport Chittagong, and Hazrat Shahjalal International Airport Dhaka. Some of its notable completed construction projects include the 1,884 meter long flyover connecting Mirpur to the Airport Road, Radisson Blu Water Garden Hotel, Dhaka, Independent University Bangladesh Campus at Bashundhara, Dhaka, construction work of Gopalganj 100 MW power plant, and construction of a new railway line from Majhgram to Dlarchar via Pabna.

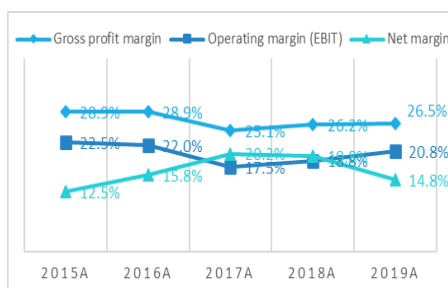
Key investment positives

- With the strategic and proficient management team and highly experienced professional engineering personnel the company has a great track record of contract winning with partnership of international engineering companies.

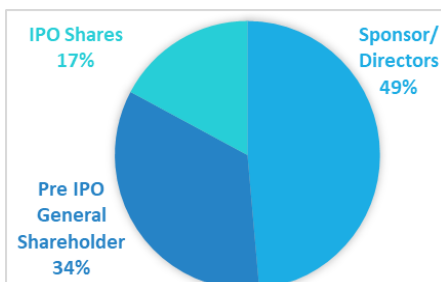
Revenue Growth of MIRAKTER



Profit margin of MIRAKTER



Shareholding Structures (post-IPO basis)



Shareholding Structures in detail (post-IPO basis)

Shareholders	No. of Shares	Post IPO %
Sponsor/Directors	58,667,000	48.6%
Pre IPO General Shareholder	41,333,000	34.2%
IPO Shares	20,771,547	17.2%
Total No of Share	120,771,547	100.0%
Name of Shareholders		
Sohela Hossain, Chairman	15,000,000	12.42%
Mir Nasir Hossain, Managing Director	18,000,000	14.90%
Mahbuba Nasir, Director	14,000,000	11.59%
Shama-e Zaheer, Director	11,667,000	9.66%
Sponsor/Directors	58,667,000	48.58%
Pre IPO General Shareholder		
Fida-e Zaheer	11,666,500	9.66%
Naba-e Zaheer	11,666,500	9.66%
Ruslan Nasir	9,000,000	7.45%
Mahreen Nasir	9,000,000	7.45%
Total General Shareholder	41,333,000	34.22%

- It is the only company that has the expertise in different branches of the construction sector such as, Bridge and Flyovers, Roads and Highways, Hotels and Building, Airport Runway, Railways, Factories and Plants and Dredging.
- With the increasing capital allocation from annual development budget, the construction of industrial complexes, roads & bridges, power stations and civil infra-structures is increasing and so the business of the company is also expanding.
- The company has a stable revenue growth. The 3-year Revenue CAGR of the company was 10% and Net Profit CAGR was 8%.
- The company also has a stable profit margin. The 5-year average net profit margin of the company was 16.6%.
- The company highly debt burdened and the Return on Equity of the company is 6.6%.

Key risk and challenges for the company

- The profitability of the company is dependent on new projects the company acquires which is decided by open tender. If the company fails to earn new projects the profitability will hamper.
- The company is highly debt burden. As of March 2020, the company has interest bearing liability of BDT 15,755.2 mn and the Debt to Equity ratio of the company is 241.4%.
- The effective Tax rate of the company is around 50% as the tax is collected at source. So the company will not get any tax advantages after getting listed.
- Over 68% of the profit of the company comes from the joint venture with different multinational companies.

Board and management

The board of Mir Akhter Hossain Limited consist of 5 members including chairman and managing director. The directors and sponsor's hold 48.6% of the share (on post IPO shares of 120.8 million).

Sohela Hossain is the Chairperson of the Board of Directors of Mir Akhter Hossain Limited. He is a well-known social worker and educationist who completed her Bachelor of Arts (Hon's) and Master of Arts in Philosophy from University of Dhaka. She is involved in various important sectors of Bangladesh including cement, telecom, banking, real estate, concrete products and power generation. At present, she is holds the position of Vice Chairperson of the Board of Directors of National Credit and Commerce (NCC) Bank Limited and a Director of Mir Group of Companies Limited, Mir Cement Limited, Mir Power Limited, Mir Real Estate Limited, Mir Telecom Limited among others.

Mir Nasir Hossain is the Managing Director of Mir Akhter Hossain Limited. After completing his Bachelor of Commerce (Hon's) and Master of Commerce in Accounting from the University of Dhaka, he acquired over 40 years of experience in the construction, real estate, ceramic, banking, telecom and information technology sector of our country. He has held notable positions such as President of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), and Senior Vice President of South Asian Association of Regional Co-operation (SAARC) Chamber of Commerce and Industry (SCCI). He engaged in the management of Mir Ceramic Limited, Mir Telecom Limited, and Mir Holdings Limited and, at present, he is a Director of Eastern Bank Limited (EBL). Among his social activities, some of the most notable ones include his Life Membership of Bangladesh Red Crescent Society, Bangladesh Diabetic Association and his positions as President of Faridpur Diabetic Association and Chairman of the Governing Body of Faridpur Diabetic Association Medical College.

Financials of Mir Akhter Hossain Limited

BDT mn	2015A	2016A	2017A	2018A	2019A	9M'2019	9M'2020
Income Statement							
Revenue (Net)	3,173.7	3,176.4	2,619.1	3,133.0	4,267.0	3,095.8	2,247.2
Cost of Goods Sold (COGS)	2,256.5	2,257.4	1,962.7	2,310.9	3,134.8	2,264.6	1,620.9
Gross Profit	917.2	919.0	656.4	822.1	1,132.2	831.2	626.3
Operating Expenses	202.1	219.6	197.4	233.7	245.3	167.9	107.9
Depreciation & Amortization	-	-	-	188.6	145.4	-	-
EBIT	715.1	699.4	459.1	588.4	887.0	663.3	518.4
Interest Expense	325.2	338.1	138.9	168.0	361.4	347.4	304.2
Other Income	4.4	5.2	7.9	19.4	22.6	17.0	18.5
Net Profit/(Loss) Before Tax	394.2	349.0	312.5	418.9	522.1	317.1	221.6
Tax (net)	145.0	147.3	153.6	236.5	321.6	184.9	126.3
Profit After Tax	249.2	201.7	158.9	182.4	200.5	132.1	95.3
Profit after tax from Joint Venture	146.1	300.7	370.3	436.4	432.0	349.2	264.8
Net Profit (NPAT)	395.3	502.4	529.1	618.8	632.5	481.3	360.1
EPS	3.95	5.02	5.29	6.19	6.32	4.81	3.60
Balance Sheet							
BDT mn	2015A	2016A	2017A	2018A	2019A	9M'2019	9M'2020
Assets							
Property, Plant & Equipment	1,289.8	2,510.0	2,889.2	3,480.9	3,970.6	-	3,896.7
Investment in Joint Venture	447.0	502.5	2,220.0	3,724.7	6,781.9	-	10,139.7
Investment in Projects	474.1	639.1	645.2	608.7	576.3	-	536.2
Non-current Assets	2,210.9	3,651.6	5,754.4	7,814.4	11,328.8	-	14,572.6
Security Deposits (Retention Money)	406.6	539.4	630.5	702.4	784.4	-	758.7
Inventories	1,488.2	1,806.7	1,743.7	2,118.5	2,484.8	-	3,076.7
Trade & Other Receivables	-	-	485.9	481.9	-	-	-
Advances, Deposits & Pre-payments	14.1	681.3	275.1	729.3	1,088.9	-	1,054.9
Cash & Cash Equivalents	866.3	317.7	628.0	411.1	497.5	-	404.8
Advance income tax net of tax provision	36.6	47.6	52.7	51.0	48.8	-	45.1
FDR	4.0	6.0	268.8	286.0	755.0	-	-
Current Assets	2,815.8	3,398.6	4,084.7	4,819.6	5,659.4	-	5,340.2
Total Assets	5,026.7	7,050.2	9,839.0	12,634.0	16,988.2	-	19,912.8
Liability & Equity							
Liability							
Liabilities for Expenses	14.5	36.9	47.8	77.0	107.1	-	100.3
Short Term Loan	-	1,062.0	2,276.3	2,511.7	2,712.2	-	4,005.6
Deferred LC	-	1,048.2	353.2	601.2	696.2	-	222.9
Current Liabilities	89.3	2,213.4	2,743.5	3,189.9	3,515.5	-	4,328.9
Long term loan	3,856.7	3,253.7	4,983.3	6,602.2	9,998.3	-	11,749.5
Deferred Tax Liability	-	-	-	3.3	3.3	-	3.3
Non-current Liabilities	3,856.7	3,253.7	4,983.3	6,605.5	10,001.6	-	11,752.9
Total Liabilities	3,946.0	5,467.1	7,726.8	9,795.5	13,517.2	-	16,081.7
Share Capital	20.0	20.0	20.0	1,000.0	1,000.0	-	1,000.0
Retained Earnings	1,060.7	1,563.1	2,092.2	1,731.0	2,363.5	-	2,723.5
Revaluation Reserves	-	-	-	107.5	107.5	-	107.5
Shareholder's Equity	1,080.7	1,583.1	2,112.2	2,838.5	3,471.0	-	3,831.1
Total Liabilities & Equities	5,026.7	7,050.2	9,839.0	12,634.0	16,988.2	-	19,912.8
NAVPS	540.3	791.5	1,056.1	28.4	34.7	-	38.3
Cash Flow Statement							
Cash Flow from operations				443.2	1,287.8	-	23.7
Cash Flow from Investing				(2,346.4)	(4,436.6)	-	(2,856.8)
Cash flow from Financing				1,686.3	3,235.2	-	2,740.4
Net cash				(216.9)	86.4	-	(92.7)
Cash in Hand (closing balance)				411.1	497.5	-	404.8
Operating cash per share				4.4	12.9	-	0.2

Financials of Mir Akhter Hossain Limited

Key Metrics	2015A	2016A	2017A	2018A	2019A
Growth Analysis					
Revenue Growth	-	0.1%	-17.5%	19.6%	36.2%
COGS	-	0.0%	-13.1%	17.7%	35.7%
Gross Profit Growth	-	0.2%	-28.6%	25.2%	37.7%
Ope. Profit (EBIT)	-	-2.2%	-34.4%	28.2%	50.7%
EBITDA Growth	-	-4.6%	-35.0%	70.5%	39.1%
PAT growth	-	27.1%	5.3%	16.9%	2.2%
Margin Analysis					
Gross profit margin	28.9%	28.9%	25.1%	26.2%	26.5%
Operating margin (EBIT)	22.5%	22.0%	17.5%	18.8%	20.8%
EBITDA	22.5%	21.5%	16.9%	24.1%	24.6%
Net margin	12.5%	15.8%	20.2%	19.8%	14.8%
Return Analysis					
ROIC (or ROI), %	11.5%	9.1%	3.1%	2.8%	3.3%
ROE, %	73.2%	37.7%	28.6%	25.0%	20.0%
ROA, %	15.7%	8.3%	6.3%	5.5%	4.3%
Debt Analysis					
Interest Bearing Liabilities, BDT mn	3,856.7	4,315.8	7,259.6	9,113.9	12,710.5
Cash & Cash Equivalent, BDT mn	866.3	317.7	628.0	411.1	497.5
Debt/Equity (book)	714%	324%	393%	368%	403%
Debt/Assets	153%	71%	86%	81%	86%
Debt/Capital	43.9%	42.3%	43.7%	43.3%	44.0%
Per share figures					
EPS, last audited	197.7	251.2	264.6	6.2	6.3
EPS, Diluted	3.3	4.2	4.4	5.1	5.2
Book Value per share, Diluted	8.9	13.1	17.5	23.5	28.7
OCFPS	-	-	-	4.4	12.9
No. of shares on issue, in Million	2.0	2.0	2.0	100.0	100.0
Valuation Matrix (Based on Offer Price)					
PE (EPS, last audited)	0.27	0.21	0.20	8.73	8.54
P/BV (BV latest data)	6.03	4.12	3.09	2.30	1.88
EV/EBITDA, X	-	6.49	16.61	19.20	17.22
Dividend Yield, %	0.0%	0.0%	0.0%	0.0%	0.0%

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