

IPO Info

Issue Price	BDT 45	Manager to the Issue	Prime Finance Capital Management Ltd.
Face Value	BDT 10	Public Offer	30.00 Mn Shares
Market Lot (Shares)	100	Subscriptions (Open)	July 15, 2011
Credit Rating (Short Term)	St-2	Subscription (Close)	July 19, 2011
Credit Rating (Long Term)	AA	NRB Subscription (Close)	July 28, 2011
Market Category	N	Free Float	22.58%

Business Background

Company Description

Summit Purbanchol Power Company Limited (SPPCL) is a subsidiary of Summit Power Limited, the first Bangladeshi Independent Power Producer in private sector. The other corporate sponsor shareholder is Summit Industrial and Mercantile Corporation (Pvt.) Ltd. On 15 August 2007, SPPCL was duly incorporated in Bangladesh as a private limited company under the Companies Act 1994. Subsequently, the company was converted from private limited company to public limited company on 3 May 2010. On 14 November 2010, the company changed its denomination its face value of share from Tk. 100 to Tk. 10. SPPCL started its commercial operation from 09 June 2009 and from 25 June 2009 for Rupganj Power Plant located at Narayanganj and for Jangalia Power Plant located at Comilla respectively having installed capacity of 33 MW each.

SPPCL's Operation

The main operation of SPPCL is to set up power plants for generation of electricity and sell the electricity to the REB and

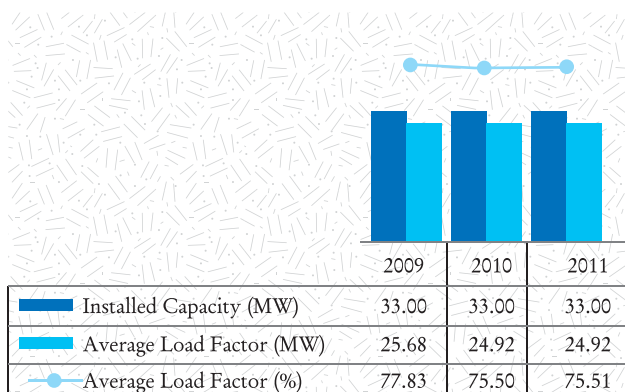
BPDB. By end-2011, SPPCL had 2 operational power plants adding 66 MW of electricity to the national grid.

Jangalia Power Plant was set up to provide electricity for Comilla Grid Substation under 15-years Power Purchase Agreement (PPA) with Bangladesh Power Development Board (BPDB) as on 11 October 2007. Rupganj Power Plant was set up to provide electricity for Narayanganj Palli Bidyut Samity under 15-years Power Purchase Agreement (PPA) with Rural Electrification Board (REB) as on 11 October 2007. An implementation agreement was also been signed with the Government of Bangladesh (GoB) in this respect as on 11 October 2007.

Utilization (Average Load Factor)

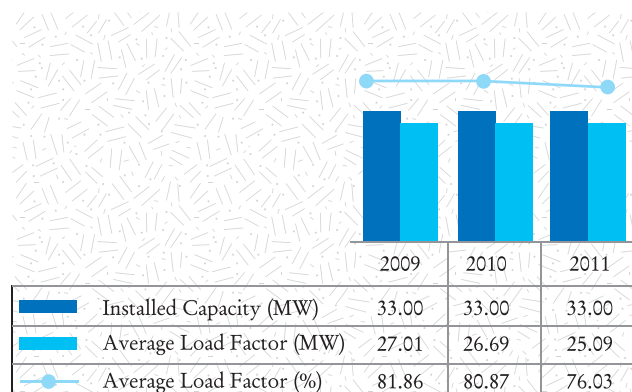
Load factor is a measure of the output of a power plant compared to the maximum output it can produce. It can be defined as either the ratio of average load to capacity or the ratio of average load to peak load in a period. In case of SPPCL, load factor is considered as the ratio of average load factor or capacity utilization to the licensed capacity on a Y-to-Y basis.

Capacity Utilization of Jangalia Power Plant



Source: Company Prospectus & LBSL Research

Capacity Utilization of Jangalia Power Plant



Source: Company Prospectus & LBSL Research

Management Team

Name	Designation
Md. Mozammel Hossain	Managing Director
Mahmud Hasan FCMA	Financial Controller & Company Secretary
Md. Abdus Sobhan	General Manager (Planning & Development)
Md. Nazmul Hasan	Plant Manager, Rugganj Power Plant
Mohammed Shameem	Deputy Plant Manager

Source: Company Annual Reports

Shareholding Pattern

Pre-IPO and Post-IPO Shareholding Pattern

Shareholding Categories	Pre-Issue		Post-Issue	
	No. of Shares	% Holding	No. of Shares	% Holding
Summit Power Limited	75,517,407	98.99999%	75,517,407	71.06%
Summit Industrial & Mercantile Corporation (Pvt.) Ltd. (SIMCL)	762,751	0.99993%	762,751	0.72%
Others (5 Individual Shareholders)	55	0.00007%	55	0.00005%
Non-Resident Bangladeshi (NRB)	-	0.00%	3,000,000	2.82%
Mutual Funds & Collective Investment Schemes	-	0.00%	3,000,000	2.82%
General Public	-	0.00%	24,000,000	22.58%
Total	76,280,213	100.00%	106,280,213	100.00%

Source: Prospectus of SPPCL & LBSL Research

The lock in period is 3 years for Summit Power Limited, SIMCL and other individual sponsors. So, the free float shares of SPPCL are 22.58%.

Financial Structure

SPPCL has pre-IPO paid up capital of BDT 762.80 Mn. The company will issue 30.00 Mn ordinary shares through Initial Public Offering (IPO) which will end up with Post-IPO paid up capital of BDT 1,062.80 Mn.

Utilization of IPO Proceeds

SPPCL plans to utilize bulk portion of the IPO proceeds for redemption of redeemable preference shares. Out of total repayment of redeemable preference shares worth BDT 1,325.19 Mn, 98 percent (BDT 1,298.84) Mn will be paid from IPO proceeds and the rest of BDT 26.35 Mn will be repaid from internal source of fund. All these IPO proceeds will be utilized within one week of receipt of the net proceeds.

Determination of Offer Price

The offer price of ordinary shares of SPPCL is BDT 45 (including premium of BDT 35 per share of face value of BDT 10 each) has determined following the two methods:

Financial Structure

Particulars	No of Shares	BDT Mn
Issued & Fully Paid-up Pre-IPO Capital	76,280,213	762.80
To be Issued as IPO	30,000,000	300.00
Issued & Fully Paid-up Post-IPO Capital	106,280,213	1,062.80
Premium from IPO	-	1,050.00
Total Post-IPO Capital	106,280,213	2,112.80

Source: Prospectus of SPPCL

Financial Structure

Particulars	BDT Mn	% Utilization
Partial Redemption of Redeemable Preference Share	1,298.84	96.21%
IPO Expenses	51.16	3.79%
Total	1,350.00	100.00%

Source: Prospectus of SPPCL and LBSL Research

a. **Valuation based on Net Asset Value (NAV) per share:** As per audited accounts on 31 December 2011, NAV per share of SPPCL is BDT 20.38 considering revaluation reserve and BDT 17.66 without considering revaluation reserves.

Particulars	Amount (31 Dec. 2011)
Paid-up Capital (BDT Mn)	762.80
Retained Earnings (BDT Mn)	584.51
Revaluation Reserve (BDT Mn)	207.57
Total Shareholders' Equity (BDT Mn)	1,554.88
Total Number of Shares	76.28
Net Asset Value per Share with Revaluation Reserve (BDT)	20.38
Net Asset Value per Share without Revaluation Reserve (BDT)	17.66

b. **Valuation based on EPS calculated on the basis of weighted average net profit after tax (NPAT):** SPPCL has calculated Weighted EPS by multiplying corresponding year's EPS by Market P/E multiple as of February 2012 to derive at the earning based value per share.

Year	Net Profit After Tax (BDT Mn)	No of Ordinary Shares (Mn)	Assigned Weight for Each Year based on NPAT	Weighted Net Profit After Tax
December 2009 (6 Months)	117.89	57.68	28.80%	33.95
December 2010 (12 Months)	314.38	66.33	33.12%	104.12
December 2011 (12 Months)	395.27	76.28	38.08%	150.54
Total	827.55	200.29		288.60
Weighted EPS during the Period				3.78
Market PE as on February 2012				12.04
Valuation based on Market PE				45.55

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