



# IPO Note on Mir Akhter Hossain Limited

IPO Size: 1250 mn

Offer Price: BDT 54, Cut-off Price: 60

DSE Ticker: MIRAKHTER

Sector: Engineering

20.77 million shares are tradable on debut trading day

## IPO Summary

IPO Size (BDT mn)	1,250
IPO Size (Shares in mn)	20.77
Public Offer Price Per Share (BDT)	54
Intuitional Cut-off Price	60
Authorized Capital (BDT mn)	2,000
Pre-IPO Paid up Capital (BDT mn)	1,000
Post IPO Paid up Capital (BDT mn)	1,208
Year End	June
Revenue Size in FY20,9 month (BDT mn)	2,247
Net Profit in FY20,9 month (BDT mn)	360
Total Assets in FY20,9 month (BDT mn)	19,913
Retn. Earnings FY20,9 month (BDT mn)	2,724
Annualized. Post-IPO EPS (Q2, 2020-21)	3.56
Post-IPO NAV per Share (Q2, 2020-21)	43.98

Issue Managers: IDLC Investments Limited  
Registrar: Citizen Securities & Investment Limited

Source: BASL Research and Company Prospectus

## IPO utilization Plan

Particulars	BDT	As (%)
Heavy Equipment	503,000,000	40.24%
Aggregate Processing Plant	127,000,000	10.16%
Asphalt Plant	46,750,000	3.74%
Concrete Batching Plant	37,400,000	2.99%
Warehouse and Workshop	100,850,000	8.07%
Repayment of Bank Loan	400,000,000	32.00%
Estimated IPO Expenses	35,000,000	2.80%
<b>Total</b>	<b>1,250,000,000</b>	<b>100%</b>

Source: BASL Research and Company Prospectus

## IPO Shareholding Composition

Category	(%)	No. of Stocks
<b>Eligible Investors (EIs)</b>		
	MF & CIS (50%)	10,385,747
	NRBs (10%)	2,077,100
<b>General Public</b>	Gen. Public (40%)	8,308,700
<b>Total</b>		<b>20,771,547</b>

Source: BASL Research and Company Prospectus

## Company Overview

Mir Akhter Hossain Limited (MIRAKHTER), incorporated in 1980, has been intimately involved in the delivery of various infrastructure projects vital to the country's development. MIR AKHTER continues to hold a unique place in the country's engineering and constructions sector as a well-diversified and leading company with operations in projects including constructions of roads, bridges, highways, railway tracks, airports, 5-star luxury hotels, discharge channels, civil construction of power plants, functional buildings, factory buildings and complex infrastructural projects. The company is also actively engaged in river dredging, gas pad drilling using high-tech utility rigs, manufacturing of railway sleepers and poles, and soil stabilization.

MIR AKHTER has executed a considerable number of construction projects which has contributed to the infrastructural development of Bangladesh. Notable amongst them –

1,884-meter-long flyover connecting Mirpur to the - Airport Road
Shahid Ahasan Ullah Master Ural Setu (Tongi Flyover)
Shahid Buddhijibi (3rd Buriganga) Bridge at Basila, Dhaka
Construction of a new railway line from Majhgram to Dlarchar via Pabna
Construction of 8 km approach roads (4-lane) and structures under Third Karnaphuli Bridge Project
Radisson Blu Water Garden Hotel, Dhaka
Independent University Bangladesh Campus at Bashundhara, Dhaka
The previous new block extension of Dhaka Sheraton Hotel, Dhaka
4 bridges and entire asphaltting of Hatirjheel Project
Chevron Bangladesh South - South Drill Pad, JB New Drill Pad, West Pad Construction
MTB Tower (Mutual Trust Bank Limited), Kazi Nazrul Islam Avenue, Dhaka
Saiham Tower (14- storied building with 3 storied underground parking), Gulshan 1, Dhaka
Liberation War Museum, Agargaon, Dhaka
500-bed hospital (13-storied) at Mugda, Dhaka
Construction work of Gopalganj 100 MW power plant
810 meter long PC Box Girder Bridge at Gaforgaon, Mymensingh
520.6 meter long bridge over Dhaleshwari River

Source: BASL Research and Company Prospectus



MIR AKHTER is currently working on 37 projects. The value of these on-going projects is around BDT 58,649 million. Some of the mentionable projects are –

Development of Cox’s Bazar Airport (Phase I)
Development of Osmani International Airport, Sylhet
Development of Shah Amanat International Airport, Chattogram
Site Preparation and Earthworks” for Hazrat Shahjalal International Airport Expansion Project (Sub-contract)
Construction of 595m PC Box Girder Bridge Over Bakkhali River at Kusturi Ghat under Sadar Upazila of Cox’s Bazar District
Rehabilitation of Road from Badarkhali Naval Police Station to Yunuskhali including new 680m Kohelia Bridge under Matarbari Ultra Super Critical Coal Fired Power Project
Improvement of Road from Bangabandhu Bridge (West Side) to Hatikamrul (19.80 km) to a 4-Lane Highway
Construction of Kanchpur, Meghna, Gumti 2nd bridges and rehabilitation of existing bridges (Sub-contract)
Construction of 6 (six) 14-storied residential buildings in block A of Dhaka Elevated Expressway Project
Improvement of road from Dulla Mari Road to Tangail (22.4 km) from 2-lane to 4-lane including structures
Improvement of Sylhet Town Bypass-Garrison Link to Shah Poran Bridge Ghat Road into 4 lane highway
Construction of 4 (four) 16-storied residential apartment buildings for low & middle income group of people at sector 18, Uttara
Construction of 16 (sixteen) bridges in Rajshahi Zone

Source: BASL Research and Company Prospectus

Total project value of 37 on-going project value is Taka. 58,649,961,795.

MIR AKHTER attaches profound importance to its partnerships with multinational companies and continues to execute projects of international standard by forming Joint Ventures with internationally reputed construction companies like Samwhan Corporation of Korea, Seokwang Development Company Limited of Korea, Halla Corporation of Korea, Ranken Railways Construction Group Company Limited of China, Sadeem Al Kuwait for General Trading and Contracting Company of Kuwait, Wuhan Municipal Construction Group of China, Komaihaltec Inc. of Japan.

MIR AKHTER’s management is headed by Mir Nasir Hossain, a former president of FBCCI and a leading entrepreneur with an industry experience spanning more than 40 years

# IPO Note on Mir Akhter Hossain Limited

## Corporate Profile

**Incorporation** 1980

### Sponsor & Chairman: Sohela Hossain

Sohela Hossain is the Chairperson of the Board of Directors of Mir Akhter Hossain Limited. She has completed Bachelor of Arts (Hon’s) and Master of Arts in Philosophy from University of Dhaka. She is a renowned social worker and an educationist. She is actively involved in cement, telecom, banking, real estate, concrete products, and power generation sector of our country. Currently, she is the 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.

### Sponsor & Managing Director: Mir Nasir Hossain

Mir Nasir Hossain, the Managing Director of Mir Akhter Hossain Limited, is a prominent entrepreneur who has had significant impact in the construction, real estate, ceramic, banking, telecom and information technology sector of our country. He completed Bachelor of Commerce (Hon’s) and Master of Commerce in Accounting from the University of Dhaka. He is leading Mir Akhter with an industry experience spanning more than 40 years.

He has led the apex trade organization of the country, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), as its President. He also held the positions of Senior Vice President of South Asian Association of Regional Co-operation (SAARC) Chamber of Commerce and Industry (SCCI). He is also a Director of Eastern Bank Limited (EBL) and engaged in the management of Mir Ceramic Limited, Mir Telecom Limited, Mir Holdings Limited among

others.

### Office & Plants

1. Railway sleeper manufacturing plant at Ambikapur, Faridpur
2. Stockyard at Birulia

**Subsidiary/Associate** None

The company has 3,590 employees including around 450 highly skilled engineers. The Company has experienced and dedicated civil, electrical and mechanical engineers, management personnel and skilled technicians to complete any types of construction projects.

Source: BASL Research and Company Prospectus

## Shareholding of Sponsor & Directors (Post-IPO)

Name of Directors and Sponsors	% held	No. of Shares
Mir Zahir Hossain	-	-
Sohela Hossain	12.42%	15,000,000
Mir Nasir Hossain	14.90%	18,000,000
Mahbuba Nasir	11.60%	14,000,000
Shama-e Zaheer	9.66%	11,667,000
<b>Total</b>	<b>48.58%</b>	<b>58,667,000</b>

Note: Other major share holdings are as follows: Fida-e Zaheer - 9.66%, Naba-e Zaheer- 9.66%, Ruslan Nasir- 7.45% and Mahreen Nasir - 7.45%

Source: BASL Research and Company Prospectus

## Lock-In Free Shares & period

Type	Lock-in Shares	Lock-in Free Date
Directors/Sponsors	58,667,000	February 02, 2024
Other Key Shareholders	23,733,000	February 02, 2024
Other Key Shareholders	17,600,000	February 02, 2023
Institutions (Post-IPO)	10,385,747	February 02, 2021
Public (Post-IPO)	2,077,100	February 02, 2021
<b>Total</b>	<b>120,771,547</b>	

Source: BASL Research and Company Prospectus

## Industry Insights

The sector in which Mir Akhter Hossain Limited operates, continues to be the key focus of government in delivering strategies and outcomes relevant to the development of Bangladesh. This is a sector that is benefiting from an increasing capital allocation from annual development budget of government. The implementation of Annual Development Program (ADP) has grown at an annual rate of 12.3% from BDT 1,483,060 million in 2018 to BDT 1,665,930 million in 2019.1 The approved budget allocated for Annual Development Program for the FY 2019-20 is BDT 2,027,210 million, highest in the history of the country.2 Mir Akhter is a leading company in this sector being amongst the top 3 organizations in terms of capacity.

The high growth in ADP is directly attributable to planned construction of industrial complexes, roads & bridges, power stations and civil infrastructures; which is a prerequisite for achieving the goal of overall national and economic

development. Bangladesh's economy has grown by more than 6% on average in real terms during the last decade3 and in this journey, the construction industry has consistently played a pivotal role. In FY 2018-19, the industry stood amongst the top contributors to the GDP of Bangladesh. In maintaining the country's healthy economic growth, infrastructural development remains a key driver. The impressive trend of both the economy and the construction engineering sector is set to continue because of the government's development focus and future plans. Being one of the pioneers and leading engineering construction companies in Bangladesh, Mir Akhter remains a highly active participant in this sector, fully equipped and ready to capitalize this wide horizon of future opportunities.

## Financial Highlights (BDT mn)

Financials	FY16	FY17	FY18	FY19
Sales	3,176	2,619	3,133	4,267
Operating Profit	699	459	588	887
Profit After Tax	202	159	182	201
Assets	7,050	9,839	12,634	16,988
Short Term Debt	1,062	2,276	2,512	2,712
Long Term Debt	3,254	4,983	6,602	9,998
Equity	1,583	2,112	2,839	3,471
Dividend (C/B) %				
<b>Margin Ratio (%)</b>				
Gross Profit	29%	25%	26%	27%
Operating Profit	22%	18%	19%	21%
Pretax Profit	11%	12%	13%	12%
Net Profit	6%	6%	6%	5%
<b>Growth (%)</b>				
Sales	0%	-18%	20%	36%
Gross Profit	-71%	-29%	25%	38%
Operating Profit	-90%	-10%	34%	25%
Net Profit	-94%	-21%	15%	10%
<b>Profitability (%)</b>				
ROA	3%	2%	1%	1%
ROE	13%	8%	6%	6%
<b>Debt Ratio</b>				
Debt Ratio	61%	74%	72%	75%
Debt-Equity	273%	344%	321%	366%
Int. Coverage	0.6	1.1	1.1	0.6
<b>Valuation</b>				
Rstd. EPS(BDT)	2.49	3.07	3.61	3.58
Post-IPO NAVPS	13.1	17.5	23.5	28.7

Source: BASL Research and Company Prospectus



# IPO Note on Mir Akhter Hossain Limited

## Stock Pricing

Relative Valuation	Multiple	Fair Value
Industry Forward P/E	15.5	55.2
Price to Book Value	1.5	66.0
Market Forward P/E	18.1	64.4
Latest Post-IPO NAV (Q2-2020-21)		43.98
Pricing Sensitivity at Different PE		Value
Stock at 15x PE		53
Stock at 20x PE		71
Stock at 25x PE		89
Stock at 30x PE		107
Stock at 35x PE		125
Stock at 40x PE		142

Source: BASL Research, Dhaka Stock Exchange Ltd and Company Prospectus

## First Three Days Circuit Breaker and Price

Day	Circuit	Price
First Day	50%	81.00
Second Day	50%	121.50
Third Day	10%	76.80



# IPO Note on Mir Akhter Hossain Limited

## Statement of Financial Position

Financials	FY15	FY16	FY17	FY18	FY19
<b>Assets:</b>					
<b>Non-Current Assets</b>	<b>2,210,923,058</b>	<b>3,651,571,247</b>	<b>5,754,355,835</b>	<b>7,814,438,286</b>	<b>11,328,777,764</b>
Property, Plant & Equipment	1,289,768,529	2,510,001,688	2,889,204,001	3,480,939,518	3,970,622,784
Investment in Joint Venture	447,005,588	502,510,048	2,219,967,020	3,724,749,773	6,781,866,183
Investment in Projects	474,148,941	639,059,511	645,184,814	608,748,995	576,288,797
<b>Current Assets</b>	<b>2,815,755,778</b>	<b>3,398,597,368</b>	<b>4,084,680,000</b>	<b>4,819,559,832</b>	<b>5,659,383,688</b>
Security Deposit	406,649,767	539,355,214	630,521,443	702,390,565	784,415,102
Advances, Deposits & Prepayments	14,057,711	681,273,123	275,065,970	729,332,684	1,088,889,958
Accounts Receivable			485,917,988	481,917,988	
Other Receivable				39,345,694	
FDR	4,000,000	6,000,000	268,848,784	285,986,539	754,972,500
Advance Income Tax	36,595,861	47,619,442	52,692,485	51,012,416	48,806,217
Inventories	1,488,168,275	1,806,662,031	1,743,656,601	2,118,474,065	2,484,794,553
Cash & Cash Equivalents	866,284,164	317,687,558	627,976,729	411,099,881	497,505,358
<b>Total Assets</b>	<b>5,026,678,836</b>	<b>7,050,168,615</b>	<b>9,839,035,835</b>	<b>12,633,998,118</b>	<b>16,988,161,452</b>
<b>Shareholders Equity &amp; Liabilities:</b>					
<b>Shareholders' Equity</b>	<b>1,080,661,183</b>	<b>1,583,065,343</b>	<b>2,112,190,898</b>	<b>2,838,504,744</b>	<b>3,470,998,601</b>
Share Capital	20,000,000	20,000,000	20,000,000	1,000,000,000	1,000,000,000
Revaluation Reserves				107,539,881	107,539,881
Retained Earnings	1,060,661,183	1,563,065,343	2,092,190,898	1,730,964,863	2,363,458,720
<b>Liabilities:</b>					
<b>Non-Current Liabilities</b>	<b>3,856,701,693</b>	<b>3,253,733,261</b>	<b>4,983,320,765</b>	<b>6,605,548,338</b>	<b>10,001,644,803</b>
Deferred Tax Liability				3,325,976	3,325,976
Long Term bank Loan	3,856,701,693	3,253,733,261	4,983,320,765	6,602,222,362	9,998,318,827
Deffered Tax Liability					
<b>Current Liabilities</b>	<b>89,315,960</b>	<b>2,213,370,010</b>	<b>2,743,524,173</b>	<b>3,189,945,036</b>	<b>3,515,518,048</b>
Short term loan		1,062,035,656	2,276,321,596	251,170,478	2,712,213,393
Deffered LC		1,048,205,425	353,158,057	601,231,158	696,166,257
Material Advance	352,377	352,377	352,377		
Mobilization Advance	74,469,899	65,902,216	65,902,216		
Liabilities for Expenses	14,493,684	36,874,336	47,789,927	77,009,092	107,138,398
<b>Total Liabilities:</b>	<b>3,946,017,653</b>	<b>5,467,103,271</b>	<b>7,726,844,938</b>	<b>9,795,493,374</b>	<b>13,517,162,851</b>
<b>Total Shareholders' Equity &amp; Liabilities:</b>	<b>5,026,678,836</b>	<b>7,050,168,614</b>	<b>9,839,035,836</b>	<b>12,633,998,118</b>	<b>16,988,161,452</b>
Post-IPO NAVPS (BDT)	8.95	13.11	17.49	23.50	28.74

## Statement of Profit or Loss and Other Comprehensive Income

Financials	FY15	FY16	FY17	FY18	FY19
Revenue	3,173,713,603	3,176,402,745	2,619,127,354	3,133,017,235	4,267,036,996
Cost of Execution of the Contract	225,651	2,257,430,465	1,962,688,819	2,310,921,894	3,134,809,245
Gross profit	<b>3,173,487,952</b>	<b>918,972,280</b>	<b>656,438,535</b>	<b>822,095,341</b>	<b>1,132,227,751</b>
Operating expenses	<b>202,121,228</b>	<b>219,616,692</b>	<b>197,350,978</b>	<b>233,658,637</b>	<b>245,251,801</b>
General & Administrative Expenses	202,121,228	219,616,692	197,350,978	233,658,637	245,251,801
Operating Profit	<b>2,971,366,724</b>	<b>699,355,588</b>	<b>459,087,557</b>	<b>588,436,704</b>	<b>886,975,950</b>
Non-Operating Income	715,078,618	5,229,605	7,935,773	19,392,448	22,599,281
Financial Expenses	4,355,048	338,123,222	138,936,909	168,021,947	361,407,703
Net Operating Profit	<b>3,682,090,294</b>	<b>366,461,971</b>	<b>328,086,421</b>	<b>439,807,205</b>	<b>548,167,528</b>
Contribution to WPPF	0	17,450,570	15,623,163	20,943,200	26,103,216
Net Profit Before Tax	<b>3,682,090,294</b>	<b>349,011,401</b>	<b>312,463,258</b>	<b>418,864,005</b>	<b>522,064,312</b>
Income tax expenses	144,980,349	147,272,766	153,597,453	236,478,583	321,559,939
Deferred Tax Income					
Net Profit after Tax	<b>3,537,109,945</b>	<b>201,738,635</b>	<b>158,865,805</b>	<b>182,385,422</b>	<b>200,504,373</b>
Profit after Tax from Joint Venture	146,054,251	300,665,525	370,259,747	436,388,543	431,989,484
Total Net Profit after Tax	3,683,164,196	502,404,160	529,125,552	618,773,965	632,493,857
Restated Earnings Per Share (EPS)	<b>1.21</b>	<b>2.49</b>	<b>3.07</b>	<b>3.61</b>	<b>3.58</b>



# IPO Note on Mir Akhter Hossain Limited

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Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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## BASL Networks

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### Mirpur Branch

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### Banani Branch

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