

Key Particulars of the IPO

Ticker	GENEXIL
Face Value (Tk.)	10.00
Offer Price per share (Tk.)	10.00
No. of Share (IPO) (24.5%)	20,000,000
No. of Pre-IPO Share (75.5%)	61,600,000
No. of Post-IPO Share	81,600,000
Issue Size (Offer Price) (Tk)	200,000,000
Pre-IPO Paid-up Capital (Tk)	616,000,000
Post-IPO Paid UP (Tk)	816,000,000
Authorized Capital (Tk)	1,000,000,000
No. of Free Float Shares on Debut	15,000,000
Post-IPO EPS (3m, Dec 31, 2018)	0.36
Post-IPO EPS (3m, Dec 31, 2018)	0.73
Annualized EPS (12m, 2018-19)	1.46
NAVPs (as on June,2018)	15.25
PE at Tk 10 (Post-IPO)	6.89

Company Overview

Genex Infosys Limited was incorporated in May of 2012 and started their commercial operation in the same year. The principal service of the Company is Information Technology Enabled Service (ITES), such as is to carry on activities relating to Data Entry, Data Processing, Business Process Outsourcing, IT Support & Software Maintenance, Digital Content Development & Management, Call Centre Service, Website Development, and providing maintenance and support services both to domestic and international clients

Name of Sponsors and Directors

Name	Position	Post IPO %
Chowdhury Fazole Imam	Chairman	13.8%
Mohammed Adnan Imam	Managing Director	8.2%
Prince Mojumder	Director	4.1%
Mezbah Uddin	Director	6.6%
Gupa Saha	Sponsor	1.8%
Tanveer Ali	Independent Director	-
Mohammad Ziaul Islam Chowdhury	Independent Director	-
Total		34.5%

Major Products of the Company

- Data Entry
- Business Process Outsourcing
- IT Support & Software Maintenance
- Call Centre Service
- Digital Content Development & Management
- Website Development
- Software Development

Industry Overview

Business process outsourcing (BPO) is a business practice that helps one organization hire another company to perform a specific work. Organizations can outsource a range of back-office functions, which are also referred to as internal business functions, such as IT services, Human resources, Accounting and Payment processing. BPO helps to reduce cost, save money and effort to run any business operation efficiently.

Bangladesh offers one of the most liberal tax policy regime for IT/ITeS service providers – currently, all income from IT/ITeS is tax exempted. For tax exemption purpose, ITES means Digital Content Development and Management, GIS, IT Support and Software Maintenance Services, web site services, Digital data analytics, call center service, Digital graphics design, etc.

Top Seven Private Placement Shareholders

Name	No. of Shares	Pre IPO %	Lock In
Cogent Bangladesh Ltd.	6,066,756	9.85%	3 Yrs.
IPE Capital Ltd.	5,000,000	8.12%	3 Yrs
Nilofar Imam	3,041,813	4.94%	1 Yr.
Nadia Imam	3,041,813	4.94%	1 Yr.
Zahara Rasul	3,041,813	4.94%	1 Yr.
Amer Rasul	3,041,813	4.94%	1 Yr.
AT -Cap Investment Ltd.	2,000,000	3.25%	1 Yr.

Financing of IPO fund

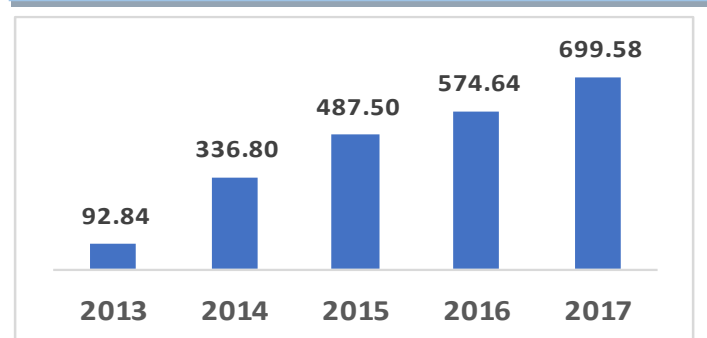
Particulars		%	No. of Ordinary Shares	Issue price	Issue Amount (Taka)
Eligible investor (EI)	EI	40%	8,000,000	10	80,000,000
	Mutual Funds and CIS	10%	2,000,000		20,000,000
General public (GP)	GP	40%	8,000,000		80,000,000
	NRB	10%	2,000,000		20,000,000
Total		100%	20,000,000		200,000,000

Financial Indicators

Ratio	2017	2016	2015	2014	2013
Current Ratio	0.75	1.44	1.65	2.28	1.51
ROA	7.09%	13.1%	23.7%	28.0%	24.4%
ROE	18.9%	48.2%	75.5%	100%	68.6%
Debt-Equity	0.99	1.70	1.21	1.47	0.39
Gross Profit Margin	34.1%	39.4%	35.2%	30.2%	28.8%
Operating Profit Margin	26.0%	32.1%	28.7%	23.5%	24.6%
Net Profit Margin	16.1%	22.9%	24.1%	19.3%	23.5%

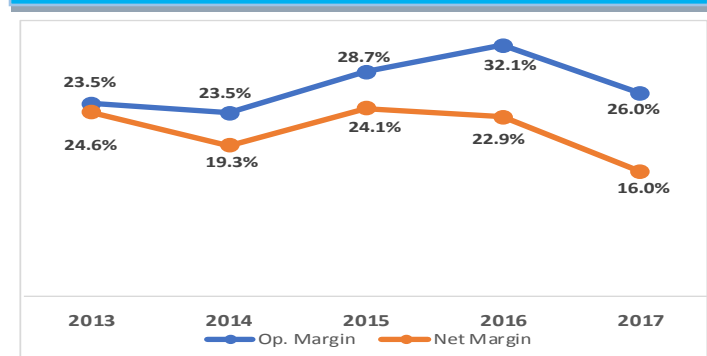
Key Observations

Revenue Earned During Last Five Financial Years



- Sponsor directors of Genex Infosys Limited will hold only 34.5% of the Post IPO shares.
- Adnan Imam, Managing Director of Genex Infosys Ltd. is the currently the director of NRB Commercial Bank Ltd.
- 40.98% of the Pre IPO shares are held by placement shareholders other than directors and sponsors.
- The company has diverse range of customer base including both foreign and local customer groups Grameen Phone, Robi Axiata and British American Tobacco Bangladesh and Chaldal.com etc.
- The fall in net profit margin by 6.9% in the during the last financial year and steep drop of return on equity by almost 30% could be cause for concern for the company going ahead. Both these factors have been on a down trend over the few years.
- The company is significantly depended on its associates and subsidiaries as around 20% of the company’s revenue is derived from those sources.

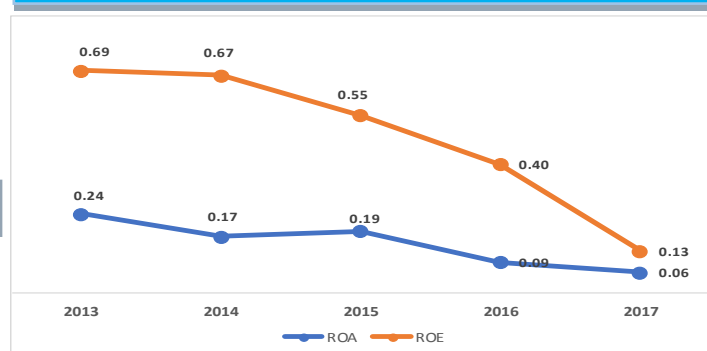
Operating Profit Margin & Net Profit Margin



Capacity Utilization (Yearly)

Year	2018	2019	2020
Utilization (%)	70.0%	80.0%	85.0%

Return on Assets & Return on Equity



Use of the Proceeds of IPO (in mn)

Particulars	Amount	%
Expansion of call center business	123,000,000	61.5%
Partial repayment of long term loan	60,000,000	30.0%
IPO expenses	17,000,000	8.50%

The major portion of IPO amount will be used for the expansion of their call center business, and the rest will be used to pay off the long term loans of the company. A small portion of the proceeds will go to paying of IPO expenses.

PE of SS Steel Ltd. relative to other companies

Market PE	16.63
Sector (IT) PE	24.87
PE – AAMRANET	14.40
PE – ITC	31.43

Other IPO Details

Issue Date of Prospectus: October 23, 2018

Year End: June

Issue Manager: Imperial Capital Limited

Auditor: Masih Muhith Haque & Co.

Implication Schedule of IPO Proceeds

Particulars	Approximate period of project completion & commercial operation
Purchase of plant & machinery	Acquisition of Plant & Machineries, Erection, Electrical Fittings and Installation will be completed within 18 months of receiving the IPO fund and commercial operation will start 3 months following the completion of the project.
civil construction	Civil construction will be completed and up and running within 21 months of from IPO date.

Disclaimer

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Prepared by

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Dividends Declaration

Year	2017	2016	2015	2014	2013
Cash (%)	Nil	Nil	Nil	Nil	Nil
Stock (%)	Nil	Nil	1900%	Nil	Nil

Lock-in Free Period for EI: (from Issue Date of Prospectus)

Period	On Debut	6-months	9-months
Portion	Initial 50%	Next 25%	Last 25%
Date	06.02.2019	23.04.2019	23.07.2019

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Price of SS Steel Ltd. relative to different prices

Price	20	25	30	35	40	45
PE	29.2	36.5	43.8	51.1	58.4	65.7