

Company Background

Baraka Patenga Power Limited (BPPL) is a Heavy Furnace Oil (HFO) based power generation company with a capacity of **50 MW**. The plant is located at Patenga, Chittagong. It is the first-ever power plant to be funded by the World Bank foreign currency loan under the IPFF facility. The plant started operation on 4 May 2014 with a 15-year tenure. BPPL has two subsidiaries named Karnaphuli Power Limited (KPL) with 110 MW (51% ownership) and Baraka Shikalbaha Power Limited (BSPL) with 105 MW (51% ownership). The company was rated as AA3 by the Credit Rating Agency of Bangladesh Limited.

BPPL is a subsidiary of Baraka Power Limited, a listed company in DSE with an effective power generation capacity of **181 MW**. Baraka Power (BPL) is a collaboration of local and a group of Non-Resident Bangladeshi (NRB) entrepreneurs. Mr. Gulam Rabbani Chowdhury, Director of Baraka Power Limited, is the Chairman of BPPL. Mr. Monzur Kadir Shafi is the Managing Director of the company. KPL is an HFO based power plant located in Patiya, Chittagong. The COD of the plant is 20 August 2019. BSPL is also an HFO-based power plant located at Patiya, Chittagong. The COD is 24 May 2019. The effective consolidated power generation capacity of BPPL stands at **160 MW** on Feb 2021.

Snapshot of Power Generation Capacity of BPPL

IPP Location	Power Plant Type	Capacity (MW)	COD	Ownership
Chittagong	HFO	50	4 May 2014	100%
Chittagong	HFO	110	20 August 2019	51%
Chittagong	HFO	105	24 May 2019	51%

IPO Details

BPPL plans to raise BDT 2,250 Mn as initial public offering (IPO) through the book building method. The breakdown of the IPO proceeds is shown below:

Use of IPO Proceeds	BDT mn	% of Proceed
Gen sets for KPL	727	32.3%
Gen sets for BSPL	717	31.8%
Long Term Debt Repayment	749	33.3%
Sub Total	2,192	97.4%
IPO Expense	58	2.6%
Total	2,250	100.0%

Key Points

- As per the Power Sector Master Plan, GoB has targeted to generate 446,025 MW electricity against the consumption demand of 402,002 MW by 2041. As such, the power sector has become the second-highest receiver (13.1%) of ADP allocation in Budget FY 2020-21, making it a priority sector.
- Bangladesh has come a long way in the power sector as access to electricity reached 98%+ in 2020 vs 47% in 2009. Additionally, Grid Capacity reached 23,548 MW in 2020 against 4,942 MW in 2009. Currently, 138 power plants are operating in Bangladesh.
- The Power Generation Industry is currently dealing with overcapacity, with the utilization rate hovering ~45-60%. The capacity utilization of Baraka Patenga (50 MW Plant) is ~60%. The management estimates that the utilization rate for the new two plants will also be ~60% or above due to the strategic position of the plants.
- Both KPL and BSPL have already started their operation in 2019. However, the plants are yet to be connected to the National Grid. The company management estimated the connection problem to be solved by this year. During this time, the company will enjoy capacity payment.
- All the plants are already operational. Therefore, the shareholders will be able to materialize the return on investment immediately.

Company Summary

Pre IPO Paid up capital (BDT Mn)	992
IPO Proceeds (BDT Mn)	2,250
Cut off (BDT)	32
Offer Price for General Investors (BDT)	29
Face Value (BDT)	10
Accounting Year End	June
Auditor	Kazi Zahir Khan & Co.
Issue Manager	LankaBangla Investments Ltd.
Credit Rating Company	Credit Rating Agency of Bangladesh Limited (CRAB)

Income Statement

Particulars (BDT mn)	FY16	FY17	FY18	FY19	FY20
Revenue	2,119	2,648	2,594	3,429	5,449
Cost of Sales	(1,488)	(2,004)	(1,963)	(2,657)	(2,922)
Gross Profit	632	645	632	772	2,527
General & Admin Exp.	(70)	(60)	(73)	(123)	(268)
Operating Profit	562	585	559	649	2,259
Other income/(Loss)	5	-10	-31	-29	(78)
Charges for delay in commissioning	-	-	-	-	(401)
Financial Expenses	(278)	(258)	(258)	(303)	(1,095)
Contribution to WPPF	-	-	-	(14)	(9)
Profit before Tax	289	317	270	303	675
Over/(under) provision in prior year's income tax	-	0	-	-	(1)
Income Tax	(2)	0	(8)	(2)	(1)
Profit for the period	286	317	261	301	674
Profit Available to the Shareholder	287	318	271	288	434
EPS (BDT)	1.66	1.84	1.57	1.66	2.51

Balance Sheet

Particulars (BDT mn)	FY16	FY17	FY18	FY19	FY20
Property, Plant & Equipment	3,954	3,851	4,406	10,967	17,307
Non-Current Assets	3,989	3,853	4,496	17,409	17,309
Cash & Cash Equivalents	59	31	30	127	430
Current Assets	1,234	1,477	2,075	2,596	3,370
TOTAL ASSETS	5,222	5,330	6,570	20,004	20,679
Shareholders' Equity	1,482	1,700	1,867	1,948	2,282
Term Loan (Non-Current)	2,895	2,566	2,206	1,956	1,599
Non-Current Liabilities	2,897	2,566	2,206	2,169	3,207
Term Loan (Current maturity)	346	371	393	413	422
Short term Liabilities	485	357	1,153	3,471	4,354
TOTAL EQUITY & LIABILITIES	5,222	5,330	6,570	20,004	20,679

Key Ratios

Particulars	FY16	FY17	FY18	FY19	FY20
Gross Profit Margin	29.8%	24.3%	24.4%	22.5%	46.4%
NPAT Margin	13.5%	12.0%	10.1%	8.8%	12.4%
Revenue Growth		25.0%	-2.0%	32.2%	58.9%
Gross Profit Growth		2.0%	-2.0%	22.2%	227.3%
NPAT Growth		10.8%	-17.6%	15.0%	124.1%
Asset to Equity (x)	3.5	3.1	3.4	9.8	7.9
ROAA	5.5%	6.0%	4.4%	2.3%	3.3%
ROAE	19.4%	20.0%	15.2%	15.1%	20.5%

Peer Comparison

DSE Ticker	Market Cap (BDT mn)*	MW	MCap/ MW	LTM EPS (BDT)	P/E (x)
DOREENPWR	9,140	176	52	7.0	8.9
BARAKAPOWER	6,522	181	36	1.7	15.4
SUMITPOWER	45,064	976	46	5.2	8.2
UPGDCL	159,416	884	180	14.6	18.9
KPCL	15,420	265	58	3.5	10.8
BPPL**	5,017	160	31	2.5	11.6

* Market Cap as of 13th Jun 2021

**P/E and Market cap is based on price offered to general investors

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