

## Golden Harvest Agro Industries Limited

Last Update: 20/02/2013

**No. of Shares** : 30,000,000 Ordinary Shares @ Tk. 25.00  
(Including Tk. 15.00 as Premium)

**Opening Date of Subscription** : December 23, 2012

**Credit Rating** : A+, ST-3 (CRISL)

**Lead Issue Manager** : Banco Finance & Investment Limited

**Co-Issue Manger** : Royal Green Capital Market Limited

**Auditor** : S. F. Ahmed & CO.

**Net IPO Proceeds** : Tk. 726.61 Million

### Usage of IPO Proceeds:

Particulars	Amount (In Million)
Bank Loan Repayment (Partial)	Tk. 338.48
Establishment of Cold Chain	Tk. 195.67
Establishment of Ice Cream Factory	Tk. 192.47
<b>Total</b>	<b>Tk. 726.61</b>

### Determination of Offer Price:

Method	Determined Price	Justified Price
NAV based (With Revaluation)	Tk. 25.53	Tk. 25.53
NAV based (Without Revaluation)	Tk. 18.65	Tk. 18.65
EPS Method	Tk. 44.40	Tk. 42.07
P/E of Similar Stocks	Tk. 92.32	Tk. 41.00
P/BV of Similar Stocks	Tk. 64.34	Tk. 17.96
<b>Final Price</b>	<b>Tk. 25.00</b>	<b>Tk. 20.00</b>

### Company Snapshots

**Sector** : Food & Allied

**Paid Up Capital** : Tk. 350.00 Million (Pre IPO)

**Paid Up Capital** : Tk. 650.00 Million (Post IPO)

**Reserve & Surplus** : Tk. 543.62 Million

**EPS (Pre IPO)** : Tk. 4.72

**Expected EPS (Post IPO)** : **Tk. 3.14**

**Sectorial P/E** : 14.37

**Year End** : June

**Financial Information:**

Particulars	2011-2012 (E)	2010-2011
Sales Revenue	631,831,748	526,526,457
Growth (%)	20%	36%
Less: Cost of Goods Sold	296,960,922	245,772,730
% of sales	47%	47%
Gross Profit	334,870,827	280,753,727
Export Incentive	3,219,183	2,682,758
% of sales	0.51%	0.51%
Other Income	2,856,390	2,380,325
Administrative & Selling Expenses	57,123,415	49,672,535
Loss from Investment in Quoted Shares	5,000,000	4,442,103
Financial Expenses	25,103,957	27,351,841
Net Profit before Tax	253,719,027	204,350,331
Less: Provision for Income Tax	95,144,635	72,080,781
Net Profit after tax	158,574,392	132,269,550
EPS	3.13	4.72

**Important Ratios**

Particulars	2011	2010	2009	2008	2007
Current Ratio	1.16	1.25	0.77	0.62	0.45
Debt-Equity Ratio	0.09	0.13	0.15	0.61	0.95
Gross Profit Margin	0.53	0.49	0.42	0.38	0.20
Operating Profit Margin	0.45	0.43	0.36	0.32	0.09
Net Profit Margin	0.25	0.27	0.21	0.17	-
Return on Asset (ROA)	13.02%	14.12%	6.38%	8.12%	-
Return on Equity (ROE)	20.61%	37.80%	12.13%	24.96%	-
EPS	4.72	13.04	2.63	2.10	(0.15)
NAV Per Share	25.53	38.99			

## Competitive Standing

Figure in ML

Particulars	Golden Harvest (2010-2011)	Apex Food (2010-2011)	Fu-Wang Food (2010-2011)	Rahima Food (2010-2011)	RD Food (2011)
Sales	526.53	3933.35	758.46	1343.42	338.80
Gross Profit	280.75	303.52	181.23	31.79	85.86
Net Profit After Tax	132.27	15.43	75.18	10.84	61.54
Total Asset	983.10	1571.42	999.90	336.84	785.95
Paid Up Capital	650.00	57.00	534.00	200.00	448.00
EPS (Diluted-2012)	-	3.48	1.24	0.68	1.20
PE (Diluted-2012)	-	22.21	20.89	26.03	21.50

### Dividend Information:

- As per Return of Allotment dated May 06, 2010 bonus shares of Taka 12,500,000 were allotted to the existing share holders on pro-rata, and;

### Investment Highlights:

1. The products of the company are sold against foreign (12%) as well as local currency (88%) and payments for raw materials are also made mostly in local currency.
2. The competitors include Aftab, Harvest Rich brands which have their low range of product line up and imported French Fries like McCain, Lamb Weston, and imported chicken nuggets like Doux and imported range of frozen products from Al Kabeer Group are also competing in the local market.
3. Golden Harvest's Primary source of raw material is all over Bangladesh on contract farming basis directly with the farmers. Golden Harvest also has a contract with USAID (PRICE), who is also supporting the farmers with direct forward linkage to Golden Harvest which enables the farmers to get premium price for premium quality by eliminating middle man/brokers.
4. The other income represents sale proceeds of wastage generated during manufacturing process
5. The company is entitled to receive cash incentive on export amount of agro (Vegetables/fruits) and agro processed products.
6. The capacity utilized by the company is about 55%.