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Table 1: IPO Snapshot

IPO Size (BDT mn)	150.00
IPO Size (Shares mn)	15.00
Face Value Per Share (BDT)	10.00
Offer Price Per Share (BDT)	
Year End	June
Sector	Engineering
Revenue in 2016 (BDT mn)	410.00
Net Profit in 2016 (BDT mn)	64.20
Latest EPS (Post IPO) (FY17)	2.09
Issue Date of Prospectus	August 7, 2017
Subscription Open Date	September 5, 2017
Subscription Close Date	September 13, 2017

Source: FCSL Research and Company Prospectus

Table 2: Principal Suppliers of Raw Material

Name of Principal Suppliers	Percentage for June 30, 2016
National Trade Corporation	12.50%
Tata Steel Limited	15.24%
Super melt Ferro Alloys	14.87%

Source: FCSL Research and Company Prospectus

Table 3: Capital Structure of the Company

Particulars	Amount (BDT mn)
Paid-up Capital (Prior to IPO)	308.92
Capital to be issued as IPO	150.00
Paid-up Capital (after IPO)	458.92

Source: FCSL Research and Company Prospectus

Company Overview

Oimax Electrode Limited is engaged in manufacturing and marketing of Welding Electrodes, Wire (G.I. Wire) and Tarkata (Nail) in Bangladesh. Oimax Electrode Limited was established in September 18, 2005 as a private limited company as subsequently converted into a public limited company on August 25, 2014. The Certificate of Incorporation number of Oimax is C-59061 (1067)/05. The Company started its commercial operation on March 21, 2010. The core markets for the product of the Company are engineering workshop, developer companies and other local customers.

Name of the competitors

- 01 Linde Bangladesh Limited
- 02 Bd Welding Electrodes
- 03 Navana Welding Electrode Limited
- 04 Jamuna Welding Electrode Limited
- 05 Hyder Machinery Electrodes Limited ACL)
- 06 Imports & other

Table 4: Use of IPO Proceeds

Particulars
Partial Loan repayment
Procuring capital plant and machineries
Estimated IPO Expenses

Source: FCSL Research and Company Prospectus

Table 5: Existing installed and future capacity & utilization of Internet Services

Products	Existing			Projected		
	2014	2015	2016	2016-17	2017-18	2018-19
Installed capacity	5,140	5,874	7,342	10,756	14,341	17,926
Capacity utilization	1,836	5,141	6,600	9,680	12,907	16,133
Capacity utilization (%)	36%	88%	89.89%	90%	90%	90%

Source: FCSL Research and Company Prospectus



Table 6: Revenue contribution of major products or services

Product Segment	Revenue (BDT mn)	Contribution (% of Total Sales)
Welding Electrode	57.39	13%
G.I Wire	141.44	35%
Nail (Parek)	211.33	52%
Total	410.16	100%

Source: FCSL Research and Company Prospectus

Chart 1: Shareholding Pattern (Post IPO)

products.

Principal Products and Services

Oimex has modern machineries and technology that ensures quality products. It is the cost leader for cheaper labor and special quality. The Company tries to produce goods with cheap cost so that it can get competitive advantages over its competitors. OEL also believe in providing customized products

To its customer as per their requirement so that it can get

maximize its profit and market share of its Products.

Diversification is a continuous process here and it produces different kinds of Welding Electrodes, Wire (G. I. Wire) and Tarkata (Nail) for its existing and potential customers.

The Company always seeks for new opportunities to ensure sustainability and to give stable and long-term Return to its investors.

Lock-in Period

1, 91, 42,000 61.97% shares held by Sponsors/Directors are locked-in until November 6, 2020.

Source: FCSL Research and Company Prospectus

Table 7: Allocation of IPO shares for different investor groups

Particulars	Number of Shares (mn)	Percentage
Sponsors and Directors	19.14	61.96%
Institutional	6.80	27.90%
Mutual Fund and NRBS		6.54%
Individual	4.95	23.85%
Total	30.89	100.0%

Source: FCSL Research and Company Prospectus

Table 8: Source and Requirement of Utilities

Utilities	Sources and Requirement	Contingency plan
POWER	The company meets its required power from Rural Electronics Board (REB). The Total sanctioned electricity load for Oimex is 500 KVA. The Company has procured a high power electronic transformer for Smooth supply of Electricity.	The Company has its own diesel generator with a production capacity of 500 KVA to supply power in case of any disruption. The Company has two tube-wells and distilled water plant. Both of those are used regularly and alternatively.
GAS	The Company does not require any gas.	
WATER	The factory requires around 1,000 litter water per day to continue operation. Required water is supplied by its 2 (two) own tube-wells and distilled water Plants.	

Source: FCSL Research and Company Prospectus



Business Highlights

- Company's financial statements shows that its revenue, gross profit, operating profit, net profit has grown 6%, 30%, 26% and 16% respectively in 2016. .
- Margins of Oimax Electrode Ltd shows that the company has managed to keep its margins at a strong and stable position. Gross margin of the company has ranged between 30 to 40%, operating margin ranged between 20 to 26%, net margin ranged between 14 to 16% since 2014. The company has scope to improve its operating margin through reducing its operating expenses as the gap between its gross and operating margin is pretty high.
- OEL's ISP capacity and capacity utilization rate have increased significantly over the years. Internet Service providing capacity was 5140 in 2014, which has reached 7342 in 2016 .Both the figures are expected to grow at a greater rate in coming years with the rapidly growing demand for internet in the country.
- as a growing company, OEL has to continuously invest in its working capital and business expansion need. This has caused the company's financial expenses and debt to equity ratio to increase. If the company manages to reduce its loan financing and thus financial expenses in the future, then the net profit margin is expected to reach a more sound level.

Table 9: Price at Various P/Es

Price to Earnings Ratios	15.00	20.00	25.00	30.00	35.00
Annualized EPS of 9M 17	2.04	2.04	2.04	2.04	2.04
Price	30.6	40.80	51	61.02	71.05

Source: FCSL Research and Company Prospectus



Table 10: Income Statements (Amount in BDT mn)

Particulars	FY'16	FY'15
Revenue	410.16	386.71
Cost of goods sold	(288.55)	(271.88)
Gross Profit	121.62	114.83
Operational Expenses	(16.96)	(11.51)
Profit from Operation	104.65	103.32
Financial Expenses	(10.93)	(13.24)
Other Income	7.39	6.83
Profit before WPPF	101.11	96.92
Workers' Profit Participation Fund (WPPF)	(4.81)	(4.62)
Profit before income tax	96.29	92.30
Provision for taxation	(32.09)	(33.38)
Profit for the Year	64.21	33.38

Source: FCSL Research and Company Prospectus

Table 11: Statements of Financial Position (Amount in BDT mn)

Particulars	FY'16	FY'15
ASSETS		
Non Current Assets	314.20	145.91
Property, Plant & Equipment	264.43	119.52
Capital Work in Progress	49.77	26.39
Current Assets	352.01	350.85
Inventories	189.34	114.57
Trade and other receivables	131.45	103.55
Advance, Deposits and Prepayments	7.11	31.28
Cash and Cash Equivalents	24.11	101.45
Total Assets	666.21	496.76
EQUITY AND LIABILITIES		
Shareholder's Equity	459.28	168.15
Share Capital	308.92	82
Share premium		
Share money deposit		
Retained Earnings	150.36	86.15
Non-Current Liabilities	62.12	221.70
Long Term Loan	50.46	7.59
Lease liability	-	-
Deferred Tax Liability	11.66	3.29
Share Money Deposit		210.82
Current Liabilities	144.81	106.92
Account Payable	0.33	0.27
Short Term bank loan	72.76	60.98
Current portion of long term loan	6.92	2.16
Current tax liabilities	56.64	37.17
Provision for Workers' Profit Participation Fund (WPPF)	4.81	4.62
Liabilities for expense	3.36	1.72
Total Liabilities		
Total Equity and Liabilities	666.21	496.76

Source: FCSL Research and Company Prospectus

Table 12: Key Ratios

Particulars	FY'16	FY'15
Gross Profit Margin	30%	30%
Operating Profit Margin	26%	27%
Net Profit Margin	16%	9%
ROE	14%	20%
ROA	10%	7%
Debt to Equity	45%	-

Source: FCSL Research and Company Prospectus



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