

Company Background

Intraco Refueling Station Limited is involved in the operation of CNG refueling station in different places in Bangladesh. Its registered office is located in Baridhara, Dhaka. The company was incorporated in 2007 and was converted into a public limited company in 2015.

IRSL has three CNG Stations at Chandpur, Comilla, and Narayanganj. IRSL has five subsidiaries — Good CNG Refueling Station (Pabna), M Hye & Co. CNG Refueling Station Ltd. (Hobigang), Nessa & Sons Ltd. (Dhaka), Absar & Elias Enterprise Ltd. (Chittagong), and East End Automobiles Ltd. (Chittagong). IRSL's holding is 95% in all of these subsidiaries. Main raw material for the company is gas. It is procuring Natural Gas from different Gas Distribution Company i.e. Titas Gas Transmission & Distribution Company Limited, Bakhrabad Gas Systems Limited.

IPO Details

IRSL will raise BDT 300.0 million as IPO proceeds through fixed price method by offering 30.0 million ordinary shares of BDT 10.0 each. Proceeds from initial public offering (IPO) will be used for a project to establish a LPG Storage and Distribution Plant in Munshigonj, Bangladesh. The total cost of the project is BDT 312.4 million. The deficit will be financed by internal fund. The break down of IPO proceeds utilization is shown below:

Use of IPO Proceeds	Mn BDT	% of Proceed
Acquisition of Machineries and Equipment	259.5	83.1%
Construction of Building and other Civil Works	32.5	10.4%
IPO Expense	20.4	6.5%
Total	312.4	100.0%
Internal Fund	12.4	
Total IPO Proceeds	300.0	

Key Points

- IRSL has reported a top line CAGR of 25.3% over the last 5 years with an average gross profit margin of 14.4%. The bottom line CAGR was 33.1% with an average net profit margin of 6.0%. Its closest competitor Navana CNG Ltd also shows low level of gross profit margin and net profit margin. Navana reported a gross profit margin of 30.0% and net profit margin of 8.0% in 2016-17. Navana's gross profit margin is higher because it has other products and services than refueling stations. Moreover, IRSL showed a high revenue growth and net profit growth in 2014 due to its acquisition of its subsidiaries. The top line and bottom line CAGR, after its acquisition of the subsidiaries, are 15.9% and 17.3% respectively. Basically, the nature of the business itself does not allow IRSL to obtain high margins. But it is still doing well by acquiring subsidiaries and focusing on technology which is helping IRSL to maintain a moderate growth. On the contrary, Navana CNG has shown negative net profit CAGR over the last 5 years. The margins are relatively stable for IRSL as both the selling price of CNG and cost price of raw materials are determined by the government.
- Bangladesh is running out of natural gas reserves. Therefore in future, the CNG stations may not have adequate supply. IRSL's project of an LPG plant will help them ensure a sustainable future for the company as LPG bottles will have huge demand in households, industry and transportation sector. The new LPG plant of 9 million cubic meters capacity will allow IRSL to secure more customers which is expected to increase the revenue from 2019.
- IRSL currently has a single product which is CNG. This makes it vulnerable to political and economic situation of the country.
- IRSL has only two suppliers. But it does not have any contingency plan for any kind of disruption. Therefore, it may face shortage of raw materials in case of any disruption.

Comparable & Trading Multiples

Trailing P/E multiples of other listed comparable stocks in the pharmaceuticals sector are given below:

DSE Ticker	Market Cap *	TTM Earnings*	P/E
NAVANACNG	4,180.2	3,129.2	20.1x

*in BDT Million

Company Summary

Post IPO No. of Shares (Mn)	75.0
Post-IPO Paid-up Capital (Mn BDT)	750.0
Pre-IPO Paid-up Capital (Mn BDT)	450.0
New Shares Issued (Mn)	30.0
IPO Proceeds (Mn BDT)	300.0
Face Value & Offer Price (BDT)	10.0
Market Lot	500.0
Free Float	40.0%
Accounting Year End	June
Auditor	Mahfel Huq & Co.
Issue Manager	AFC Capital Ltd., Asian Tiger Capital Partners- Investments Limited.

Income Statement

Mn BDT	2013	2014	2015	2016**	2017
Revenue	402.6	637.6	745.2	900.3	993.4
COGS	(349.8)	(545.2)	(640.7)	(768.9)	(842.9)
Gross Profit	52.7	92.4	104.5	131.3	150.5
Admin & Selling Expense	(5.2)	(14.2)	(24.6)	(28.0)	(37.3)
Financial Expense	(16.3)	(16.4)	(14.9)	(12.8)	(10.0)
Profit from Operations	31.2	61.8	65.0	90.6	103.1
Non Operating Income	0.1	0.1	0.1	0.3	0.0
Net Profit before Tax	31.3	61.8	65.0	90.8	103.1
Income Tax Expenses	(11.0)	(22.1)	(24.4)	(30.3)	(34.4)
Net Profit after Tax	20.4	39.7	40.6	56.2	63.8
EPS	0.4	0.8	0.9	1.2	1.4
Restated EPS	0.3	0.5	0.5	0.7	0.8

Balance Sheet

Mn BDT	2013	2014	2015	2016	2017
Non-current Assets:	279.2	431.2	477.5	644.6	860.0
Property, Plant & Equipment	203.1	318.9	365.3	514.7	740.3
Stock of Machineries	76.1	112.3	112.3	89.6	89.6
Current Assets:	56.2	46.9	50.5	216.9	82.8
Inventories	5.1	4.4	2.9	5.6	11.0
Trade & Other Receivables	3.4	10.2	12.3	11.5	11.5
Advance, deposit & pre-payments	35.9	20.8	25.1	177.8	43.2
Cash & cash equivalent	11.8	11.5	10.1	22.1	17.1
Total Assets	335.5	478.1	528.0	861.5	942.8
Shareholders Equity:	(11.4)	23.9	64.6	573.9	637.8
Share Capital	0.3	0.3	0.3	450.0	450.0
Retained Earnings	(13.6)	19.6	58.6	112.9	174.2
Non Controlling Interest	1.9	4.0	5.7	11.0	13.5
Non-Current Liabilities:	272.1	363.3	370.1	128.0	133.8
Share Money Deposit	182.1	249.7	249.7	-	-
Deferred Tax Liability	-	32.2	43.9	64.8	82.1
Long Term Borrowings	90.0	81.4	76.6	63.2	51.7
Current Liabilities:	74.8	90.8	93.3	159.6	171.2
Current portion of Long Term Borrowings	10.7	5.6	6.8	17.3	19.7
Trade & Others Payables	23.6	51.3	44.1	61.6	57.3
Liabilities for Expenses	4.0	6.4	7.4	7.4	8.4
Provision for Tax	23.1	22.3	35.1	62.6	77.0
Total Liabilities	346.9	454.2	463.4	287.6	305.0
Total Equity & Liabilities	335.5	478.1	528.0	861.5	942.8

Cash Flow Statement

Mn BDT	2013	2014	2015	2016**	2017
Operating Activities	50.0	93.7	86.0	127.5	104.8
Investing Activities	(104.6)	(143.0)	(78.5)	(279.2)	(97.9)
Financing Activities	54.9	45.8	(8.8)	161.3	(11.9)
Net Cash Flow	0.3	(3.4)	(1.4)	9.6	(5.0)

Ratios

	2013	2014	2015	2016	2017
Gross Profit Margin	13.1%	14.5%	14.0%	14.6%	15.1%
Operating Profit margin	7.8%	9.7%	8.7%	10.1%	10.4%
Net Profit Margin	5.1%	6.2%	5.5%	6.2%	6.4%
Revenue Growth		58.4%	16.9%	20.8%	10.3%
Operating Profit Growth		97.8%	5.2%	39.4%	13.9%
NPAT Growth		94.9%	2.4%	38.4%	13.5%
Debt to Asset	30.0%	18.2%	15.8%	9.3%	7.6%
Net Debt to Equity	-781.1%	316.2%	113.5%	10.2%	8.5%
Return on Asset		9.8%	8.1%	8.1%	7.1%
Return on Equity		634.3%	91.9%	17.6%	10.5%

** Annualized from 15 months

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