

DSE Ticker : COPPERTECH  
Bloomberg Code : COPPTECH BD EQUITY  
Issue date : 04-Mar-19

IPO Size : BDT 200 mn  
No Lock-in on day 1 : 15 mn shares  
Offer price : BDT 10

Analyst  
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## Table : IPO Snapshot

IPO Size (BDT mn)	200
IPO Size (Shares mn)	20
Face Value Per Share (BDT)	10
Offer Price Per Share (BDT)	10
Year End	June
Sector	Engineering
Revenue in 2018 (BDT mn)	526.65
Net Profit in 2018 (BDT mn)	41.02
Latest EPS Annualized (Post IPO) (BDT)	0.77
Issue Date of Prospectus	04-Mar-19
Subscription Open Date	31-Mar-19
Subscription Close Date	09-Apr-19

Source: LBSL Research and Company Prospectus

## Table : Capital Structure of the Company

Particulars	Amount (BDT mn)
Paid-up Capital (Prior to IPO)	400
Capital to be Issued as IPO	200
Paid-up Capital (after IPO)	600

Source: Company Prospectus

## Table : Current Production Capacity and Capacity Utilization Rate (30-June-2018)

Products (M. Ton)	Installed Capacity	Actual Production	Capacity Utilization rate
Copper Bar (Strip, Wire, Rod, Bus Bar)	1,100	867.17	78.83%
Copper Tube & Copper Pipe	500	274.68	54.94%

Source: Company Prospectus

## Table: Major Customers

Power Plants
AC & Fridge Manufacturing Factories
Energy Workshops
Electronic Product Producers

Source: LBSL Research and Company Prospectus

## Table : Major Revenue Contribution FY 2018

Name of Product	Launching Year	Sales	Percentage
Copper Bar	2014	202,583,825.14	38.47%
Copper Strip	2017	93,611,905.79	17.77%
Copper Wire	2016	82,470,989.39	15.66%
Copper Tube	2015	59,661,381.60	11.33%

Source: LBSL Research and Company Prospectus

## Company Overview

Coppertech Industries Ltd. (CTIL) is the largest manufacturer of Copper made products in Bangladesh. It was established on October 16, 2012 as a private limited company under the companies Act 1994. The Company started its commercial operation in June 2014. The Company is engaged in manufacturing and marketing of Copper Bar, Copper Rod, Copper Strip, Copper Wire, Copper Pipe and Copper Tube.

The core markets for the product of the Company are power plants, AC Fridge manufacturing factory and workshop, engineering workshop, Electronic product producer and other local customers. The value addition made to Copper products by CTIL has offered an affordable air condition and refrigeration making material option to the market as it is less expensive than previously imported ones.

Over the years, Coppertech Industries Ltd. has experienced a high growth rate of copper products sale in line with the large market demand. CTIL products are popular due to their high-quality products, effective management, effective marketing strategy and a strong marketing team and practices of good business ethics among channel partners and customers.

## Table : Projected Production Capacity and Utilization Rate of Copper Tube & Coper Pipe

Date	Installed Capacity (M. Ton)	Capacity Utilization (M. Ton)	Utilization Rate
30-June-2019	500	300	60.00%
30-June-2020	625	350	56.00%
30-June-2021	930	605	65.00%

Source: Company Prospectus

## Table : Projected Production Capacity and Utilization Rate of Copper Bar

Date	Installed Capacity (M. Ton)	Capacity Utilization (M. Ton)	Utilization Rate
30-June-2019	1,100	900	81.82%
30-June-2020	1,375	1,150	83.64%
30-June-2021	2,020	1,717	85.00%

Source: Company Prospectus

## Principal Products and Services

The Company is engaged in manufacturing and marketing of Copper Bar, Copper Rod, Copper Strip, Copper Wire, Copper Pipe and Copper Tube. The main business of the Company is to produce copper made products those are used in power generation, electronic product, electric transmission, plumbing and raw materials of Fridge and Air Condition.

**Table : Use of IPO Proceeds**

Particulars	Use of IPO Proceeds in BDT	Use of IPO Proceeds in %
Plant & Machinery with Installation	65,000,000	32.50%
Bank Loan Repayment	65,000,000	32.50%
Building and other civil work	55,000,000	27.50%
IPO Expenses	15,000,000	7.50%
<b>Total IPO Proceeds Utilization</b>	<b>200,000,000</b>	<b>100.0%</b>

Source: LBSL Research and Company Prospectus

**Table : Source and Requirement of Utilities**

Particulars	Source & Requirements
Power	The Company requires total 2,916 KW of electricity. CTIL has met its required power from Habiganj Palli Bidyut Samity. The total sanctioned electricity load for CTIL is 1,188 KW. Remaining requirement of power is generated from Gas Generator.
Gas	The Company met its required Gas from Jalalabad Gas Field to run 2 (two) of it's Gas Generators with capacity of 3,181 KW.
Water	The Company requires around 50,000 liter water per day for its production. CTIL has 2 (two) deep tube-wells and also 3 (three) water reserve tanks with capacity of 1,35,000 liter.

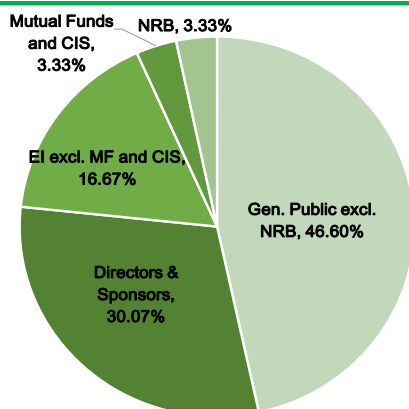
Source: LBSL Research and Company Prospectus

## Lock-in Period

18,040,000 shares held by Sponsors/Directors are locked-in until 4 March 2022, and 21,960,000 shares held by private placement in Pre-IPO period is locked-in until 4 March 2020.

25% shares of Mutual Fund and Eligible Investors (25,00,000 shares) are locked-in until 4 September 2019, and another 25% (25,00,000 shares) is locked-in until 4 December 2019. To be precise, 15,000,000 shares will have no lock-in provision on the first trading day.

**Chart : Shareholding Pattern (Post IPO)**



Source: LBSL Research and Company Prospectus

**Table : Number of Securities to be Entitled for Each Category of Applicants**

Particulars	Number of Ordinary shares	Percentage of holding
Eligible Investors (excluding MF and CIS)	8,000,000	40.00%
Mutual Fund and CIS	2,000,000	10.00%
Non-resident Bangladeshi (NRB)	2,000,000	10.00%
General Public excluding NRB	8,000,000	40.00%
<b>Total number of IPO shares</b>	<b>20,000,000</b>	<b>100.0%</b>

Source: LBSL Research and Company Prospectus

## Business Highlights

- The company achieved outstanding performance throughout the year 2018 with topline and bottom-line growth of 57.39% and 15.29% YoY respectively.
- The gross profit margin was 25.87% in 2018. During the period the return on average equity was 13.25% whereas company's return on average asset was 3.42%.
- The debt to equity ratio of the company has decreased from 5.51 to 1.27 in FY 2018. Overall, the scenario of debt contribution in the capital structure of the company has gradually decreased over the last couple of years.
- Operating Profit Margin showed increasing trend in recent years and it has increased to 22.26% in 2018. Which indicates that the company has achieved operating efficiency over the years.
- Key raw materials are Copper Cathode & Copper Scrap etc. supplied from India, Singapore, Netherland, Korea, and Bangladesh.

**Table : Price with post-IPO EPS (Amount in BDT)**

Latest EPS	0.77	0.77	0.77	0.77	0.77
P/E ratios	5.00	10.00	15.00	20.00	25.00
<b>Price per share</b>	<b>3.85</b>	<b>7.70</b>	<b>11.55</b>	<b>15.40</b>	<b>19.25</b>

Source: LBSL Research and Company Prospectus

**Table : Income Statements (Amount in BDT)**

Particulars	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue	4,100,000	39,835,353	87,009,993	334,610,426	526,653,242
Less: Cost of goods sold	3,840,185	29,921,324	65,027,104	249,828,657	390,413,536
<b>Gross Profit</b>	<b>259,815</b>	<b>9,914,029</b>	<b>21,982,889</b>	<b>84,781,769</b>	<b>136,239,706</b>
<b>Operating Expenses</b>	<b>2,168,802</b>	<b>5,447,405</b>	<b>6,772,417</b>	<b>11,237,016</b>	<b>19,024,843</b>
Administrative & Selling Expenses	2,168,802	3,630,543	4,460,207	6,390,012	9,484,655
Selling & Distributing expenses	-	1,816,862	2,312,210	4,847,004	9,540,188
<b>Profit from Operation</b>	<b>(1,908,987)</b>	<b>4,466,624</b>	<b>15,210,472</b>	<b>73,544,753</b>	<b>117,214,863</b>
Less: Financial Expense	1,372,612	6,614,591	7,774,121	23,240,540	60,548,906
Add: Non-operating Income	-	4420348	4730675	4430596	9593667
Profit/(Loss) before Contribution to WPPF	(3,281,599)	2,272,381	12,167,026	54,734,809	66,259,634
Less: Contribution to WPPF	-	-	-	-	3,155,221
<b>Profit/(Loss) before Tax</b>	<b>(3,281,599)</b>	<b>2,272,381</b>	<b>12,167,026</b>	<b>54,734,809</b>	<b>63,104,413</b>
Less: Provision for Income Tax	-	795,333	4,258,459	19,157,183	22,086,545
Current Tax	-	795,333	4,258,459	19,157,183	13,122,951
Deferred Tax	-	-	-	-	8,963,594
<b>Net Profit after Tax</b>	<b>(3,281,599)</b>	<b>1,477,048</b>	<b>7,908,567</b>	<b>35,577,626</b>	<b>41,017,868</b>
<b>Earnings Per Share (EPS)</b>	<b>(1.31)</b>	<b>0.59</b>	<b>3.16</b>	<b>2.96</b>	<b>2.60</b>
<b>Diluted Earnings Per Share</b>	<b>(0.08)</b>	<b>0.04</b>	<b>0.20</b>	<b>0.89</b>	<b>1.03</b>

Source: Company Prospectus

**Table: Statement of financial position (Amount in BDT)**

Particulars	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Assets</b>					
<b>Non-Current Assets:</b>	<b>41,118,571</b>	<b>177,042,608</b>	<b>444,786,041</b>	<b>801,550,827</b>	<b>786,604,429</b>
Property, Plant & Equipment	40,991,520	102,011,668	284,050,519	504,362,671	786,604,429
Capital Work in Progress	-	75,030,940	160,735,522	297,188,156	-
Preliminary Expenses	127,051	-	-	-	-
<b>Current Assets:</b>	<b>5,958,881</b>	<b>36,914,410</b>	<b>124,268,097</b>	<b>346,215,952</b>	<b>461,559,027</b>
Inventories	2,058,476	23,375,263	97,642,807	267,297,507	320,351,093
Accounts Receivable	-	9,514,567	10,876,249	27,884,202	27,026,665
Advance, Deposit and Prepayments	2,545,131	4,004,737	13,876,007	33,335,584	57,851,497
Cash and Cash Equivalents	1,355,274	19,843	1,873,034	17,698,659	56,329,772
<b>Total Assets</b>	<b><u>47,077,452</u></b>	<b><u>213,957,018</u></b>	<b><u>569,054,138</u></b>	<b><u>1,147,766,778</u></b>	<b><u>1,248,163,456</u></b>
<b>Shareholder's Equity and Liabilities</b>					
<b>Shareholder's Equity:</b>	<b>21,718,401</b>	<b>23,195,449</b>	<b>30,866,355</b>	<b>136,443,981</b>	<b>482,461,849</b>
Share Capital	25,000,000	25,000,000	25,000,000	95,000,000	400,000,000
Retained Earnings	(3,281,599)	(1,804,551)	5,866,355	41,443,981	82,461,849
<b>Non-Current Liabilities</b>	<b>11,375,755</b>	<b>93,978,332</b>	<b>137,736,182</b>	<b>299,786,825</b>	<b>276,489,641</b>
Long Term Loan	-	89,118,392	130,606,436	264,834,286	220,166,421
Lease Loan	11,375,755	4,859,940	7,129,746	34,952,539	47,359,626
Deferred Tax Liabilities	-	-	-	-	8,963,594
<b>Current Liabilities</b>	<b>13,983,296</b>	<b>96,783,237</b>	<b>400,451,601</b>	<b>711,535,972</b>	<b>489,211,966</b>
Current Maturity of Term Loan	10,561,726	29,364,941	19,602,539	64,181,229	81,801,005
Accounts Payable	-	17,411,115	50,641,667	108,176,856	52,466,242
Share Money Deposit	-	-	95,000,000	45,000,000	-
Short Term Borrowings	-	43,825,298	208,834,952	387,918,741	261,407,104
Creditors & Accruals	3,421,570	6,181,883	26,372,443	106,259,146	93,537,615
<b>Total Shareholders' Equity and Liabilities</b>	<b><u>47,077,452</u></b>	<b><u>213,957,018</u></b>	<b><u>569,054,138</u></b>	<b><u>1,147,766,778</u></b>	<b><u>1,248,163,456</u></b>
<b>Net Asset Value (NPV) per share</b>	<b>8.69</b>	<b>9.28</b>	<b>12.35</b>	<b>14.36</b>	<b>12.06</b>

Source: Company Prospectus

**Table : Key Ratios**

Particulars	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Gross Profit Margin	6.34%	24.89%	25.26%	25.34%	25.87%
Operating Profit Margin	-46.56%	11.21%	17.48%	21.98%	22.26%
Net Profit Margin	-80.04%	3.71%	9.09%	10.63%	7.79%
ROAE	-15.11%	6.58%	29.26%	42.53%	13.25%
ROAA	-6.97%	1.13%	2.02%	4.14%	3.42%
Debt to Equity( Times)	1.01	7.21	11.86	5.51	1.27

Source: LBSL Research and Company Prospectus

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