



Key Particulars of the IPO

Ticker	KTLL
Face Value (Tk.)	10.00
Offer Price per share (Tk.)	10.00
No. of Share (IPO)	34,000,000
No. of Pre-IPO Share	55,000,000
No. of Post-IPO Share	89,000,000
Issue Size (Offer Price) (Tk)	340,000,000
Pre-IPO Paid-up Capital (TK)	550,000,000
Post-IPO Paid UP (Tk)	890,000,000
Authorized Capital (Tk)	900,000,000
No. of Free Float Shares on Debut	25,500,000
Pre-IPO EPS (12m, Jun 30, 2018)	1.95
Post-IPO EPS (12m, Jun 30, 2018)	1.20
Post-IPO EPS (Ann. 2017-2018)	1.20
NAVPs (as on June, 2018)	17.68
PE at Tk 10 (Post-IPO)	8.33

Major Products of the Company

The major products of Kattali Textile Limited are:

The company produces a single product 'Woven Garments' of various specifications, compositions, color and qualities.

Industry Overview

Bangladesh's garments industry can be divided into the knit and woven sectors. Garments products are met one of the basic needs of all human being. It is one of the fastest growing industries in the world. RMG sector has emerged as the biggest earner of foreign currency. In 1972, the World Bank approximated the gross domestic product (GDP) of Bangladesh at USD 6.29 billion, in 2014, the GDP stood at USD 173.82 billion, growing by almost 27 times (E. H., 2016) in a matter of four decades. Bangladesh's exports industry alone comprised USD 34.6 billion in FY 2016-17, 81.23% of which was made up of ready-made garments. On its own, the knitwear sector encompasses 48.87% of total exports—a staggering USD 13.75 billion. Contribution of the RMG sector to the foreign exchange earnings of the country is satisfactory in terms of its size and investment. According to Export Promotion Bureau's statistics report compiled by BGMEA for export performance for the month of July-June 1983-1984 was 811.00 million USD which is brought forwarded for the month of July-June 2016-2017 at 34,655.92 million USD. And in the year of 1992-1993 Woven Apparel export was 1,240.48 million USD which is brought forwarded for the year of 2016-2017 at 14,392.59 million USD. Bangladesh is only second to China, the world's second-largest apparel exporter of western brands

Company Overview

Kattali Textile Limited (KTL) was incorporated as a Private Limited Company on 26 June Kattali Textile Limited (KTL) is concentrated in Manufacturing, Cutting, Swing & Finishing of 100% woven garments and exporting the same as an exporter. The principal activities of the company are to produce and export of different types of garment products like Men's Long Shirt, Boys Pant, Ladies shirt, Boy's Polo Shirt, Boys Long Pant, Boys Jacket, Men's Fit Front Short, Ladies Shorts, Boy's Trouser, Girl's Pant, Girl's Skirts, Girl's Top, and Man's Top etc. It is serving many international buyers in the North American and the European markets.

Top Seven Private Placement Shareholders

Sl.	Name	No. of Share	Lock In
1.	Md. Bazlur Rahman	2,707,360	1 Yr.
2.	Md. Farid Ahmed	2,650,000	1 Yr.
3.	Nadira Akter	2,611,820	1 Yr.
4.	Tasnim Sayed	2,112,530	1 Yr.
5.	Mr. Hussain Md. Sufiullah	1,640,200	1Yr.
6.	Md. Ruhul Azad	1,603,890	1Yr.
7.	Lucky Shipping	1,422,088	1Yr.

Name of Sponsors and Directors

Name	Position	Post IPO %
Nasreen Hoque	Chairman	4.43%
Md. Emdadul Hoque Chowdhury	Managing Director	11.89%
Waduda Sabrina (Nominee Director of Eian Apparels Ltd.)	Director	4.23%
Sifat Sabrina (Nominee of Lucky Corner)	Director	3.77%
Md. Anwarul Haque Chowdhury	Director	3.20%
Md. Mokarrom Anwar Chowdhury	Director	2.80%

IPO PROFILE OF KATTALI TEXTILE LIMITED



Financing of IPO fund

Particulars		%	No. of Ordinary Shares	Issue price	Issue Amount (Taka)
Eligible investor (EI)	EI	40%	13,600,000	10	136,000,000
	Mutual Funds and CIS	10%	3,400,000		34,000,000
General public (GP)	GP	40%	13,600,000		136,000,000
	NRB	10%	3,400,000		34,000,000
Total		100%	34,000,000		340,000,000

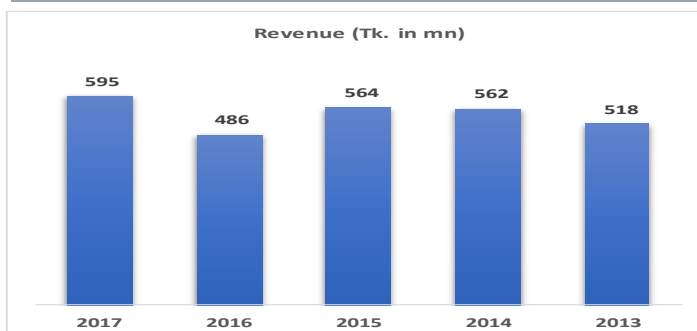
Financial Indicators

Ratio	2017	2016	2015	2014	2013
Current Ratio	4.74	2.37	1.59	1.25	1.34
ROA	9.3%	6.00%	7.8%	9.1%	11.3%
ROE	9.5%	10.6%	14.7%	17.5%	20.9%
Debt-Equity	0.12	0.91	0.95	1.13	1.08
Gross Profit Margin	22.8%	22.6%	18.7%	19.7%	18.3%
Operating Profit Margin	18.7%	18.6%	14.5%	15.4%	14.1%
Net Profit Margin	18.0%	11.9%	11.9%	12.0%	13.6%

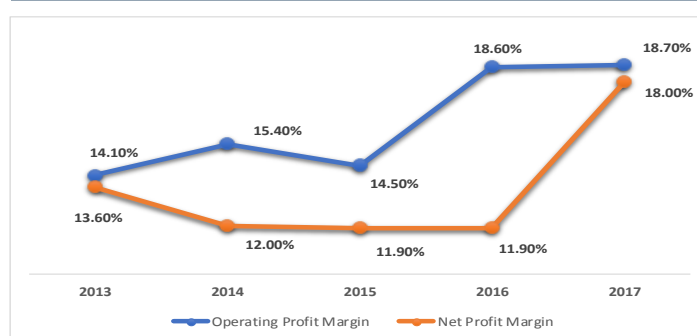
Key Observations

- Kattali Textile Limited has CAGR of sales growth of 3.56% over the course of the last five financial years. During the same period the company had CAGR of 12.25% for the Net profit After Tax.
- Few private placement holders of Kattali Textiles Ltd. who are neither directors nor sponsors holds about 30.91% of Pre IPO shares of the company.
- The Company has no subsidiary nor it is operated under a holding company nor does it have any associate company.
- At present, textile and garments sector of Bangladesh is heavily affected by labor unrest. Any incident of labor unrest will adversely affect the operation of the company.
- The company's revenues is fully export based, as a result, companies revenues might face volatility due to exchange rate fluctuations

Revenue Earned During Last Five Financial Years



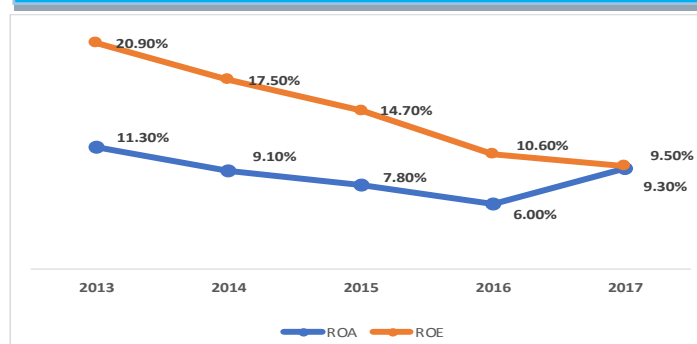
Operating Profit Margin & Net Profit Margin



Capacity Utilization (monthly)

Year	Projected Capacities (Pcs)	Projected Capacity Utilization (Pcs)	Projected Capacity Utilization (%)
Garments & Woven			
2018	415,000	349,259	84.16%
2019	570,000	481,764	84.52%
2020	570,000	497,382	87.26%

Return on Assets & Return on Equity



IPO PROFILE OF KATTALI TEXTILE LIMITED



Use of the Proceeds of IPO (in mn)

Particulars	Amount	%
Construction of Factory Building Expansion Unit	172,779,916	50.82%
Construction of Dormitory for employee	25,312,794	7.44%
Acquisition of New Machinery for Expansion Unit	89,787,540	26.41%
Electric Installation of Transformer & Generator	7,995,750	2.35%
Bank Loan Repayment	25,000,000	7.35%
IPO expenses	19,124,000	5.63%

PE of Kattali Textile Ltd. relative to other companies

Market PE	16.37
Sector (Textile) PE	18.80
PE – HFL	12.94
PE – MAKSONSPIN	17.35

Other IPO Details

Issue Date of Prospectus: August 02, 2018

Year End: June

Issue Manager: NRB Equity Management Limited

Auditor: Shiraz Khan Basak & Co.

Implication Schedule of IPO Proceeds

Particulars	Approximate period of project completion & commercial operation
Acquisition of Machineries & Equipment	Acquisition and Installation of Machineries and Equipment will be completed within 18 months of receiving the IPO fund and commercial operation will start 6 months following that.
Civil Construction	Civil construction will be completed within 24 months of from IPO date.
Repayment of Bank Loan	Bank loan will be paid off within 2 years of receiving the IPO fund.

Disclaimer

This Document/Report has been prepared and issued by Prime Bank Investment Limited on the basis of the public information available in the market, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts and information stated in the Documents are accurate as on the date mentioned herein. . If any person takes any action relying on this Document, shall be responsible solely by himself/herself/ themselves for the consequences thereof any claim or demand for such consequences shall be rejected outright by PBIL or by any court of law.

Prepared by

Rahat-Ul-Amin	Head of Research
Shakawat Hossain	Research Analyst
Syed Reazul Haque	Research Analyst

Dividends Declaration

Year	2017	2016	2015	2014	2013
Cash (%)	Nil	Nil	Nil	Nil	Nil
Stock (%)	Nil	Nil	204%	Nil	Nil

Lock-in Free Period for EI: (from Issue Date of Prospectus)

Period	On Debut	6-months	9-months
Portion	Initial 50%	Next 25%	Last 25%
Date	12.11.2018	02.02.2019	02.05.2019

Contact Us

Email: pbil.research@gmail.com

Contact: +8802-48810315-6

CORPORATE OFFICE

Tajwar Center (5th Floor)

House: 34, Road: 19/A, Block: E

Banani, Dhaka-1213

Price of Kattali Textile Ltd. relative to different prices

PE	20	30	40	50	60	70
Price	24	36	48	60	72	84