

ILCL-ILSL MONTHLY

Economy and Market Review

August : 2014 Issue : 12

Margin

Quality

Stocks

Money

Growth

Profits

Pharmaceutical Sector of Bangladesh : Growth & Prospects



www.il-capital.com



www.ilsibd.com

IL Capital Limited and International Leasing Securities Limited are subsidiaries of International Leasing and Financial Services Limited



Addressing Your Financial Concerns

In today's competitive world, each of you is looking for growth opportunities. While some of you are considering expansion of your existing business, others are looking for expansion in a new field. Some may feel that working capital management is the priority while others need to focus on financial efficiency. Many have suffered from high interest burden in the past while others are looking for scope to minimize tax burden to safeguard a substantial profit. Few need hands-on assistance to explore business opportunities with major industry players while others require a strategic plan to make an acquisition successful.

Yes, we are talking about financial restructuring and investment alternatives. And a lot of questions come and wait in mind. Which type of financing is the best solution? Is it going to fit the long term strategy of the organization? Is it sustainable? Are you ready for this?

Faced with such dilemmas, what you need is an expert who can offer a wide array of financial services and benefits with comparative analyses of feasible alternatives.

Yes. IL Capital can do this for you. We offer –

- Issue Management & Underwriting
- Loan Syndication & Private Equity
- Merger & Acquisition
- Advisory Services for any other Financial Restructuring requirement that our clients may have

Realizing Your Investment Dream

We are offering investment management solutions to both individuals and corporate entities. Our investment management team believes in continuous improvement in discovering profit making opportunities at appropriate levels of risk tolerance and liquidity need supported by detailed research and analysis.

Our team follows the economic trend, industry trend as well as individual companies and this enables it to identify profitable investment opportunities for the clients well in advance of other market participants.

Please visit our website www.il-capital.com for further information.



Editorial

Welcome to our August 2014 issue. Our vision is to establish ourselves as one of the leading Investment Banking solution providers in Bangladesh with high ethical standards and best practices. We started our first monthly publication "ILCL Monthly Economy and Market Review" with September, 2013 edition and seek every opportunity to make it more informative and beneficial for our readers that cover honorable business community, corporate clients and high net worth retail clients.

From January, 2014 edition we are publishing it jointly with our sister concern, International Leasing Securities Limited, with the title of "ILCL-ILSL Monthly Economy and Market Review". This edition covers **Pharmaceutical Sector of Bangladesh** with a snapshot over a stocks defined under the sector in prime bourse.

We believe this publication will be enriched with contribution from ILSL research team and look forward to any advice or suggestions from our readers or any other corner to make it distinguished and complete. Please do not hesitate to contact us to convey your opinion. We are also committed to the readers for any assistance or explanation over any doubt or confusion arises from our publications.

Thanking You-



Nehal Ahmed FCA
Managing Director
IL Capital Limited

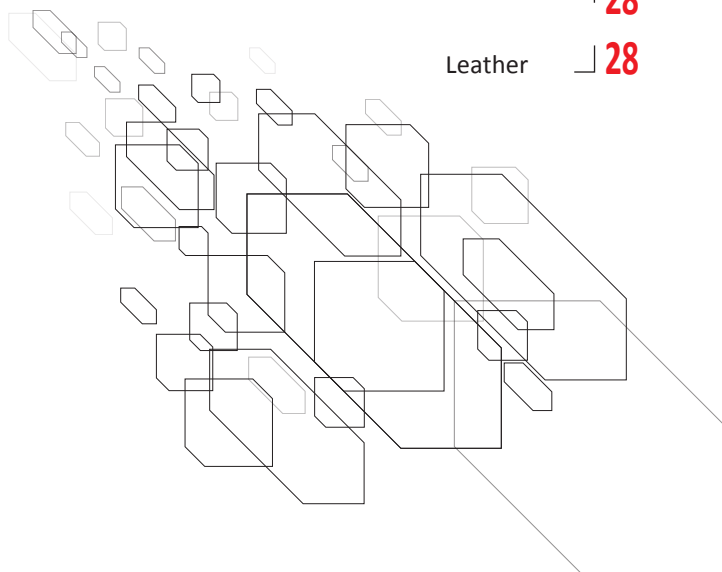
ILCL-ILSL MONTHLY

Economy and Market Review

August, 2014

Table of Contents

Economy Update	01
Market Update	09
Pharma Sector of Bangladesh	13
Equity Note: Square Pharmaceuticals	17
Beximco Pharmaceuticals	18
Orion Pharmaceuticals	19
Active Fine Chemicals	20
Mutual Fund: Monthly Update	21
Business Newsflash	23
Economy	23
Stock Market	24
Banks	25
Textile	26
Power	27
Pharmaceutical	27
Telecom	28
Leather	28



Economy Update

Summary

- Economic growth was stable at 6.12% in FY2014 which was 6.01% in FY2013
- Point to point inflation remained unchanged at 7.0% in July 2014
- Export declined by 1.37% in the month of July over the corresponding month
- Imports also decreased by 2.92% in June 2014 from the previous month
- Money supply increased in June 2014 to 16.1% from 15.5% in the previous month
- Private sector credit growth increased from 11.4% in May to 12.3% in June 2014
- NBR revenue collection stood 10.41% higher in FY2014 compared to the previous fiscal year although it fell short of target by 3.6%

Growth

Bangladesh continued stable growth at 6.12% (base 2005-06) in FY2014, which was 6.01% in FY2013. In the first half of FY2014, the economic activities of the country was thrown into disarray with political turmoil and uncertainty. This led to a decline in growth rates during that period. International Monetary Fund (IMF) ranked Bangladesh as the 37th largest economy in the world in 2013 in PPP terms and 36th largest economy in nominal terms. Bangladesh's economy has grown at the rate of 6.14% per annum over the past five years. The growth potential of the economy has led to Bangladesh's inclusion in the Next Eleven (N-11) of Goldman Sachs.

Inflation

The point-to-point inflation for the month of July remained unchanged at 7.0% from the previous month, due to strict market monitoring initiatives taken by the government. The food inflation stood at 7.9% in July with a 0.1% decrease from June. However, Non-Food inflation increased from 5.5% to 5.7% from June to July 2014 respectively.

Balance of Payment

Export declined by 1.37% in the month of July over the corresponding month. The reason behind this is the setback in the shipments of apparel products to different markets especially the US markets following the ongoing safety compliance and other workplace safety issues in the country's apparel sector. Imports also decreased by 2.92% in June 2014 from the previous month. The recent political situation has left the business environment uncertain for setting up new industries, which is resulting in decreased investment demand and negative growth in the import of capital machineries. The country's Balance of Payments (BoP) saw a record surplus of USD 5.1bn in FY13 vis-à-vis only USD 494.0mn surplus in FY12.

Money Supply and Financial Sector

The actual monetary growth rate increased in June 2014 to 16.1% from 15.5% in the previous month with the decrease in interest rates as expected. From the IMF report, it is known that the reserve money growth target was fulfilled by the Bangladesh Bank in March 2014. Reserve money growth on a y-o-y basis was 15.5% in June which was 10.8% in May 2014. The Private sector credit growth increased from 11.4% in May to 12.3% in June 2014. On the other hand, the Public sector credit growth decelerated to 8.9% in June from 11.4% in May 2014.

Fiscal Performance

NBR tax revenue collection during FY2014 stood at BDT 1205.1bn which is higher by 10.41% against the collection of BDT 1091.5bn during the same period of the previous fiscal year. However, it fell short of the revised target by 3.6%. As per the final NBR report, the board collected BDT 1205.1bn against its revised target BDT 1250.0bn for FY2014.

Sources: Bangladesh Bank, IMF, CPD, EPB and major daily newspapers.

Macroeconomic Risks and Outlook

Bangladesh is going through a number of macro-financial risks which require proper policy responses. We have summarized the risks according to their level of impact and likelihood.

Revival of political violence

Impact Level: High Likelihood: Medium

Although the political turbulence was less in 2014 compared to 2013 the potential threat of resurgence prevails. A renewed political pressure would affect two fundamental macro sides: investment and growth, which are interrelated. Growth prospects could be affected by loss of confidence and decrease in investments. Nevertheless, the major growth shock could come from the deterioration in export performance which could create a renewed pressure on the balance of payments (BoP).

Increase of Bad loans in the banking sector

Impact Level: High Likelihood: High

Total classified (non-performing) loans in the banking sector reached to 10.75% of the total loans in June 2014 from 8.93% in December 2013. This ratio has more possibility to increase in the coming days on the back of sluggish economic growth and weakening of state-owned and specialized banks. Increase in bad loans has three major potential threat in the banking system. First, core income from lending could decrease further due to suspension of interest income. Second, capital base could decrease which could create capital shortfall. Third, loan loss provision could decrease which could reduce net income.

Weakening of state-owned and specialized banks

Impact Level: High Likelihood: High

Continuation of poor financial health in state owned commercial and specialized banks on the back of some massive financial scams has caused loss of customer confidence. The NPL is increasing further particularly in state-owned commercial and specialized banks despite the rescheduling measures. Moreover, the additional recapitalization needs of the banks are need to be met up which is estimated 1.3% of FY2015 GDP by the IMF.

Prolonged slower growth of advanced economies

Impact Level: High Likelihood: Medium

As advanced economies controls more than two-thirds of our total exports, their recovery and economic growth has spillover effect into our export growth. This could largely affect the RMG sector. Our BoP could also come into a renewed pressure. In addition, inward foreign remittances could also decrease further.

Withdrawal of preferential access to the EU

Impact Level: High Likelihood: Low

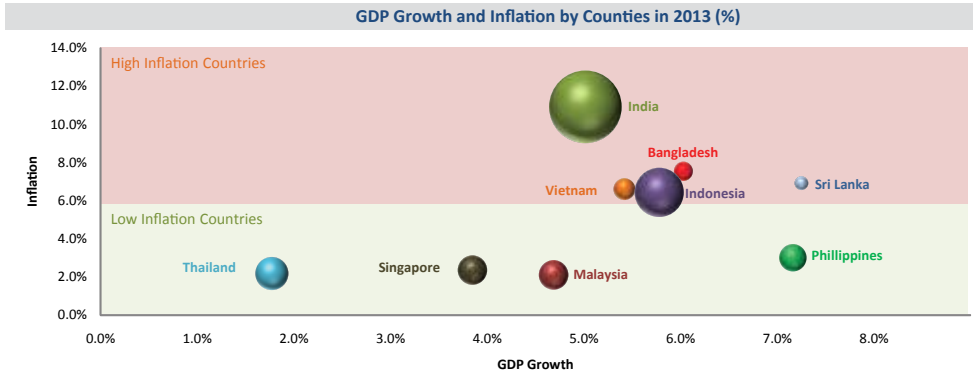
RMG exports to EU constitute two-thirds of the total Bangladesh RMG exports. If the EU cancels Bangladesh's preferential access, it could be a major macro shock. The IMF projects that our GDP growth could decrease 1.75% points in the first year of the shock. That would create adverse effects on employment of four million workers (mostly women) attached with the garment sector. It would proceed to create pressure on BOP and reserves along with the chance of destabilization of exchange rate.

Prospects and Outlook

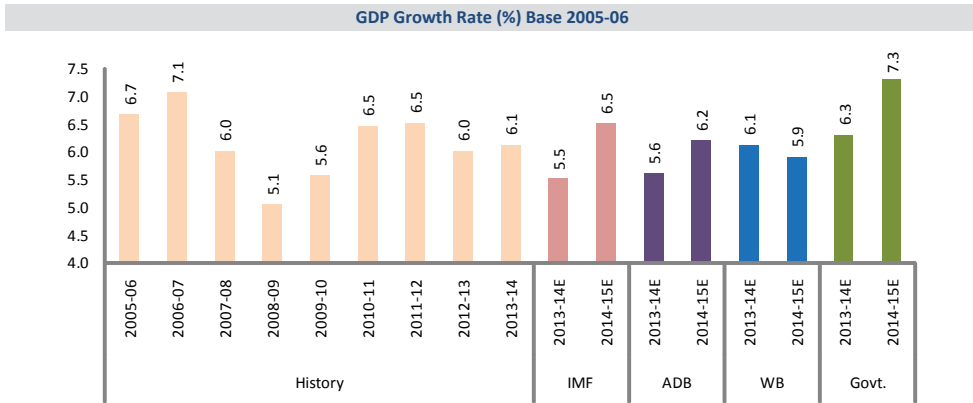
Despite macroeconomic slowdown, Bangladesh achieved double digit export growth; total exports increased by 11.65% in FY2014 compared to the previous fiscal year and RMG exports increased by 13.83% during the same period. Since interest rate has come down to around 100 basis points during the last twelve months, a sound recovery is expected. Government's fiscal performance could improve on the back of increased imports and economic activity. In addition, performance of the stock market could be stronger on the back of falling FDR rates and improved earnings disclosure by the listed companies.

Sources: Bangladesh Bank, IMF, CPD, EPB and major daily newspapers.

GDP:

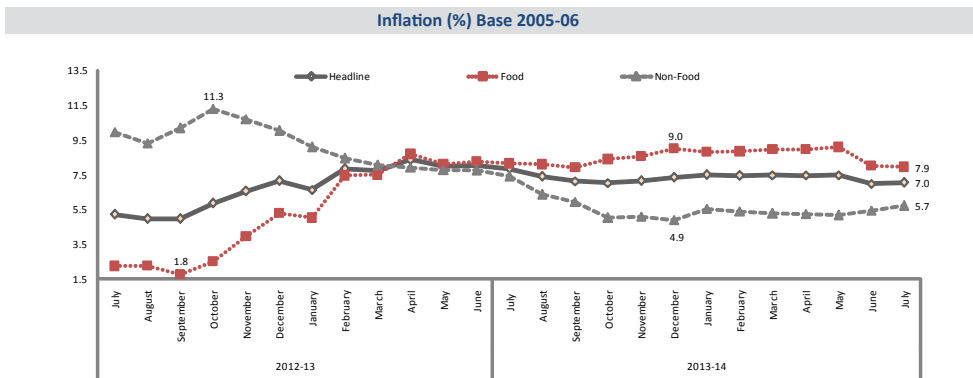


Note: Size of the ball represents GDP size (USD in bn) for the respective countries.
Source: World Bank Data and IL Capital Research



Source: Bangladesh Bureau of Statistics, IMF, ADB, WB and IL Capital Research

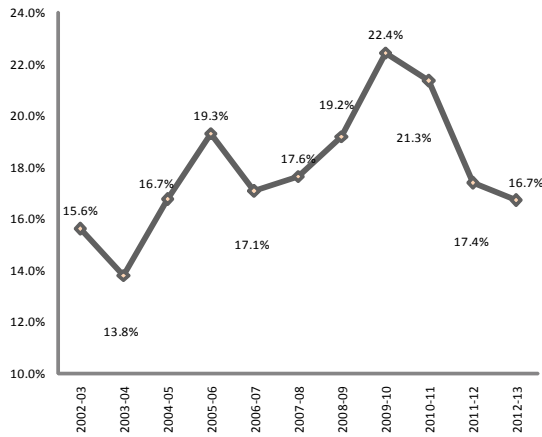
Inflation:



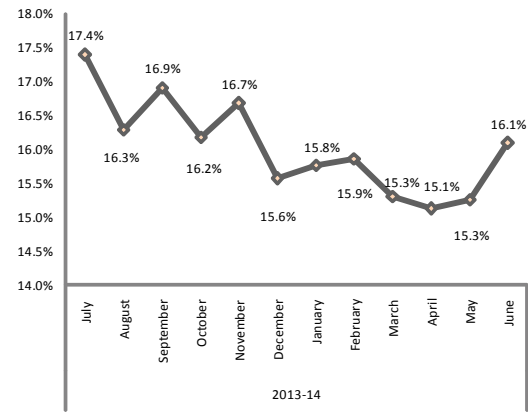
Source: Bangladesh Bank and IL Capital Research

Money Supply:

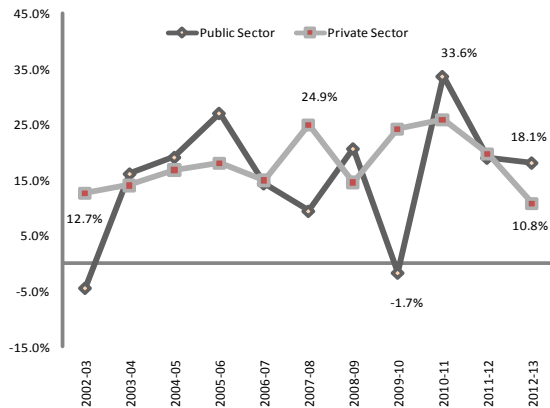
Annual Broad Money Supply (M2) Growth Rate (%)



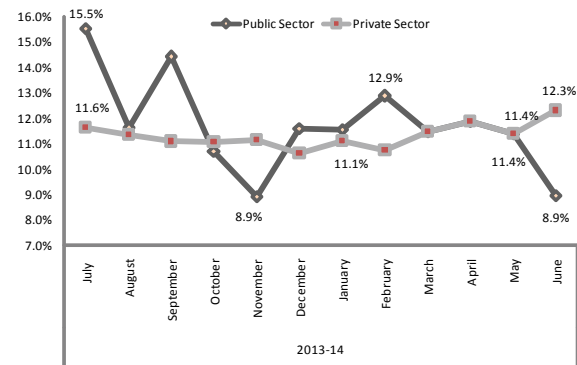
Monthly Broad Money Supply (M2) Growth yoy (%)



Annual Public and Private Sector Credit Growth Rate (%)



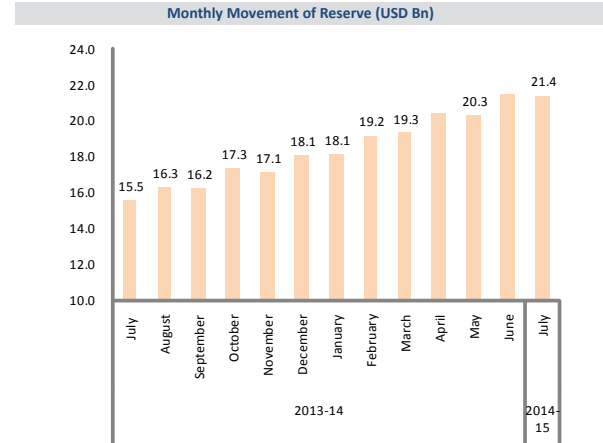
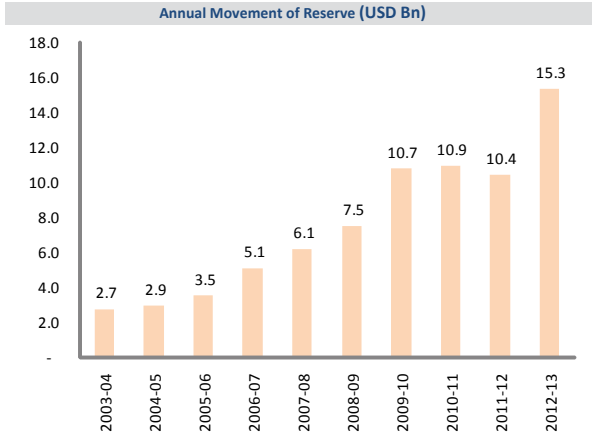
Monthly Public and Private Sector Credit Growth yoy (%)



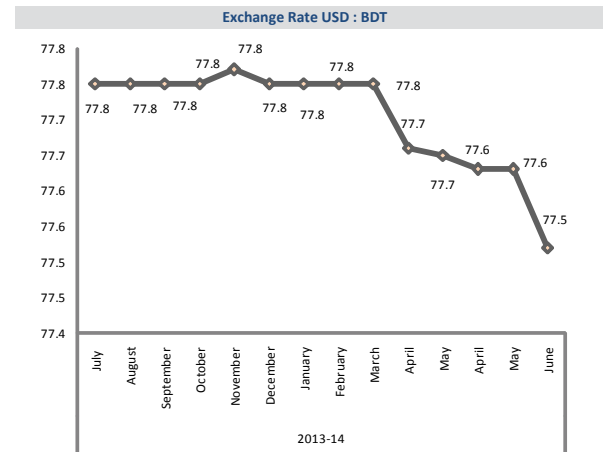
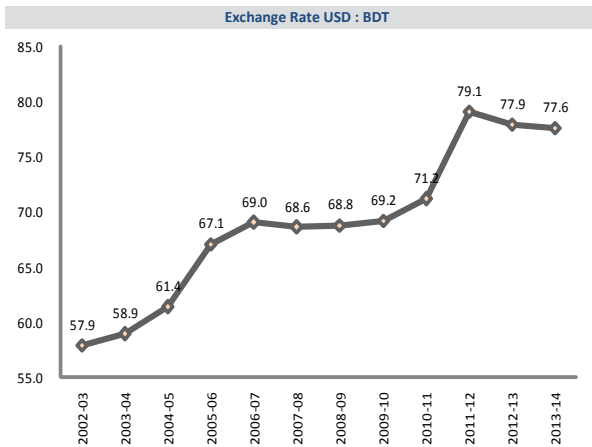
Monetary Aggregates Y-o-Y Growth (%)						
Items	Actual				Program	
	FY10	FY11	FY12	FY13	Dec-13	Jun-14
Net Foreign Assets	41.0	6.2	7.2	50.4	19.3	10.0
Net Domestic Assets	19.0	24.7	19.3	11.0	16.8	18.6
Domestic Credit	17.5	28.2	19.2	10.9	19.3	17.8
Credit to the Public Sector (including Govt.)	4.2	38.3	17.4	11.1	33.7	22.9
Credit to the private sector	24.2	25.8	19.7	10.8	15.5	16.5
Broad money	22.4	21.4	17.4	16.7	17.2	17.0
Reserve money	18.1	21.0	9.0	15.0	15.5	16.2

Source: Bangladesh Bank and IL Capital Research

Reserve:

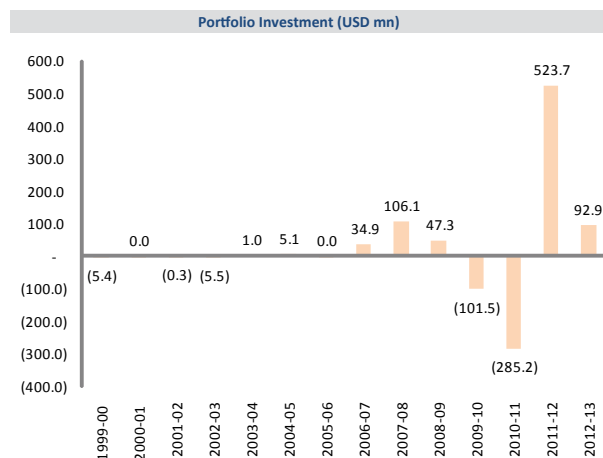
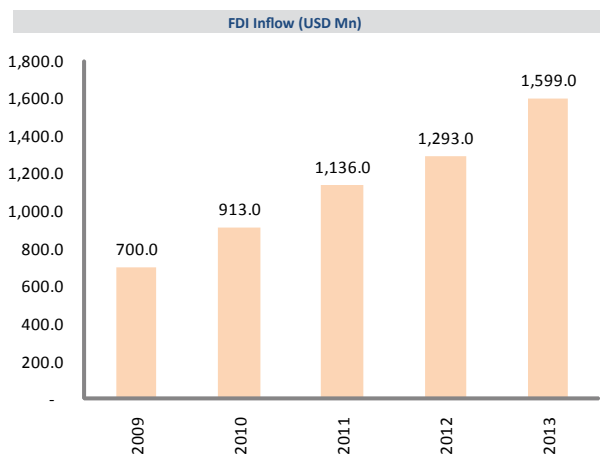


Exchange Rate:



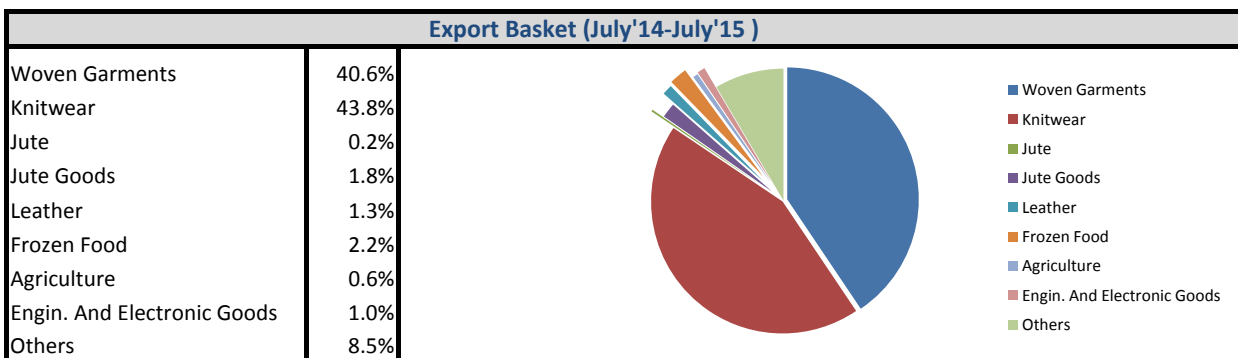
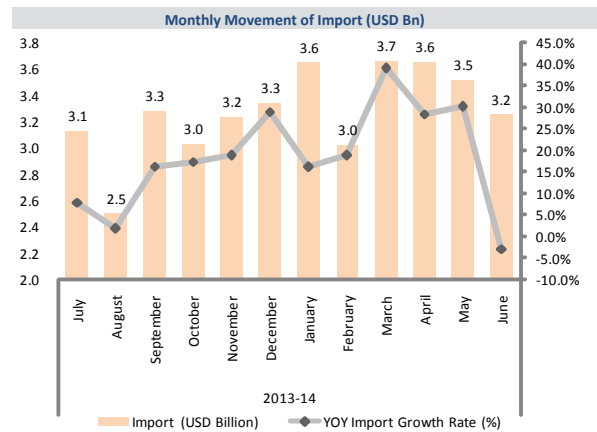
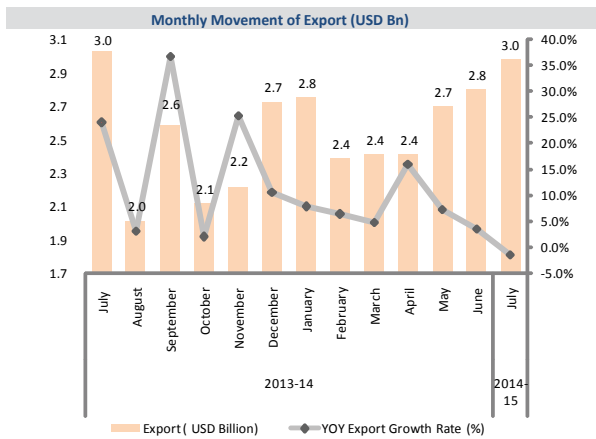
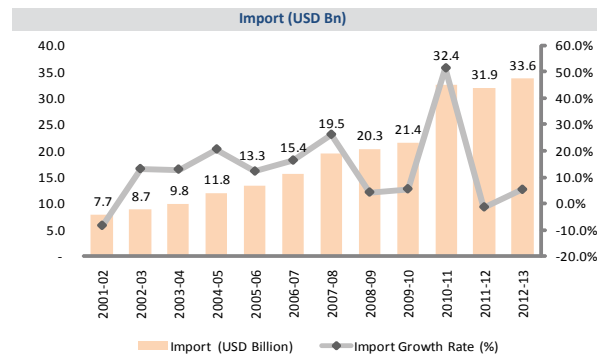
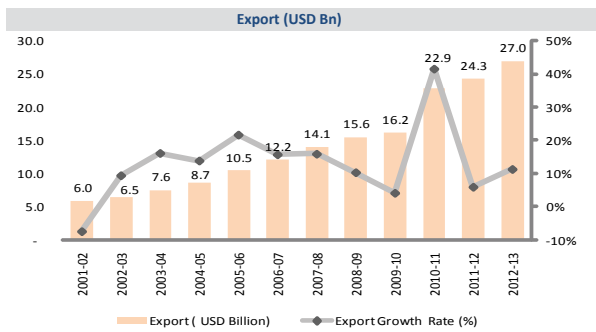
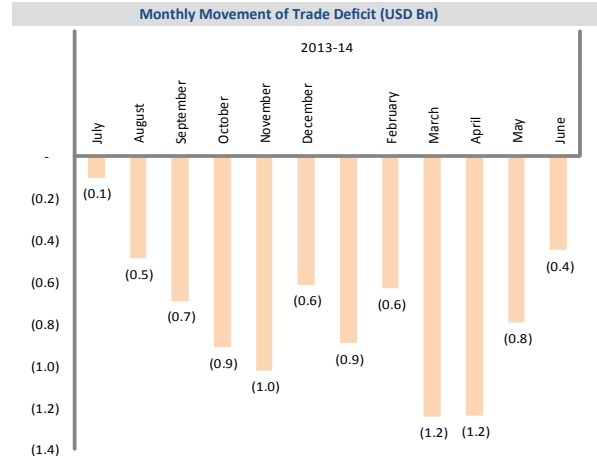
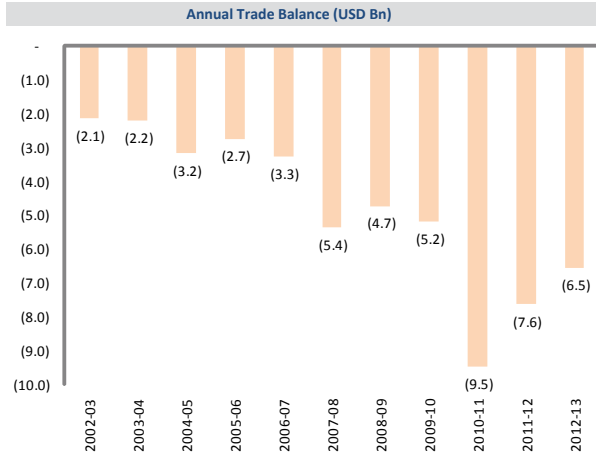
Source: Bangladesh Bank and IL Capital Research.

FDI Inflow and Portfolio Investment:



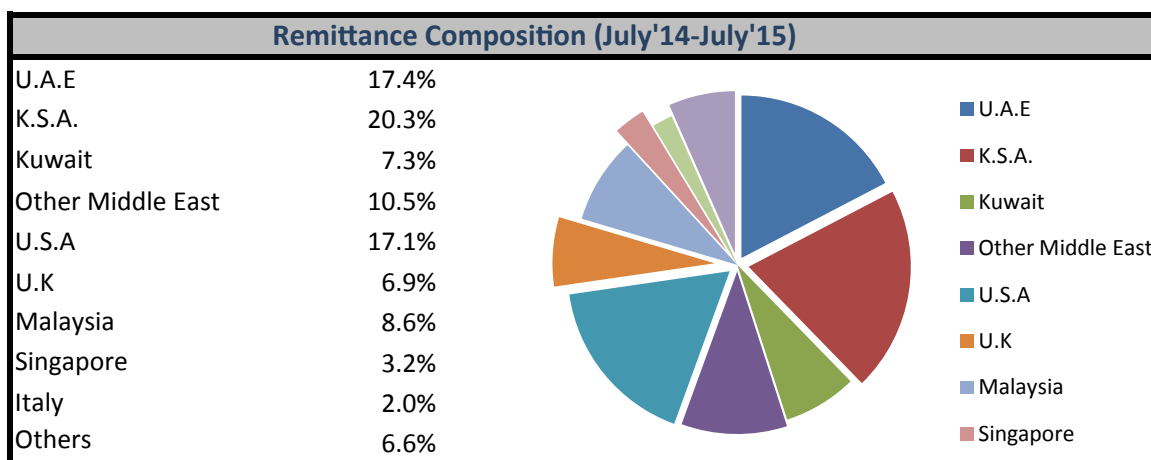
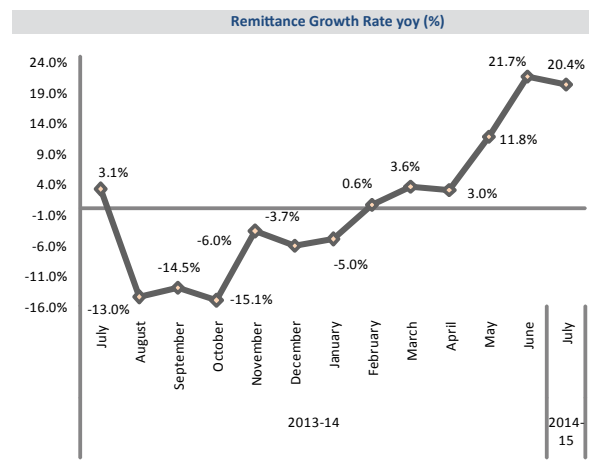
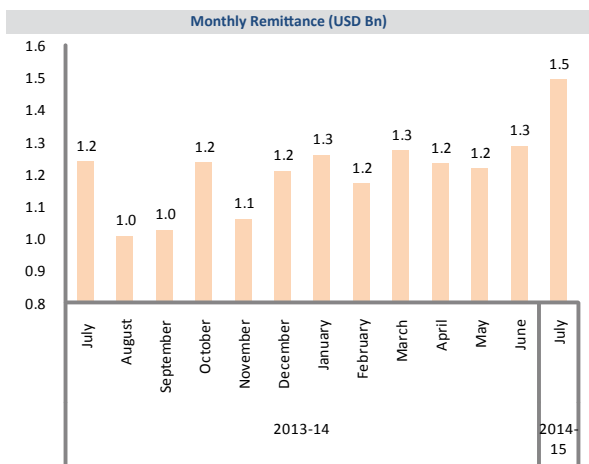
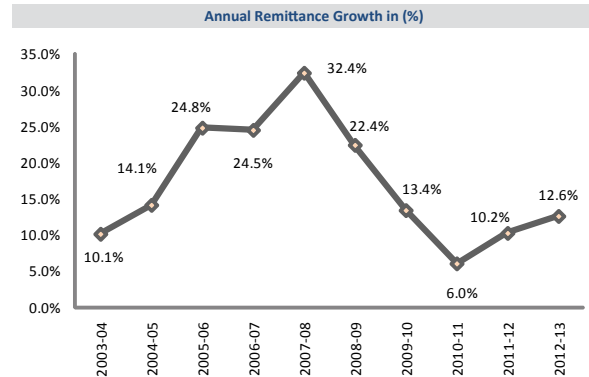
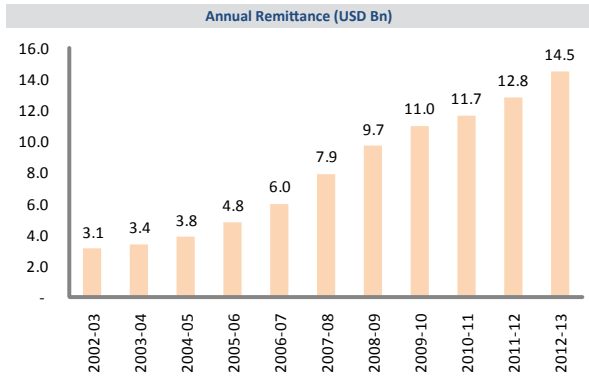
Source: Bangladesh Bank and IL Capital Research

International Trade:



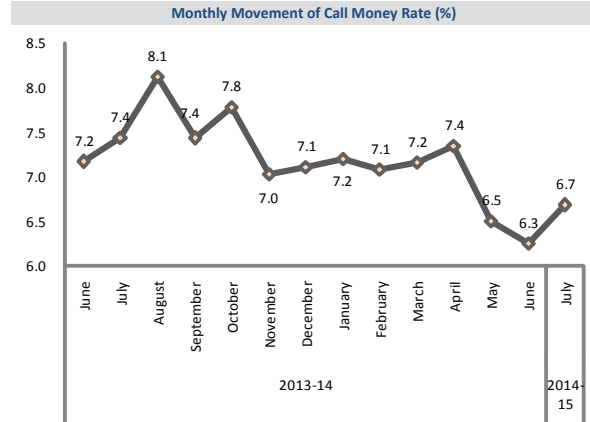
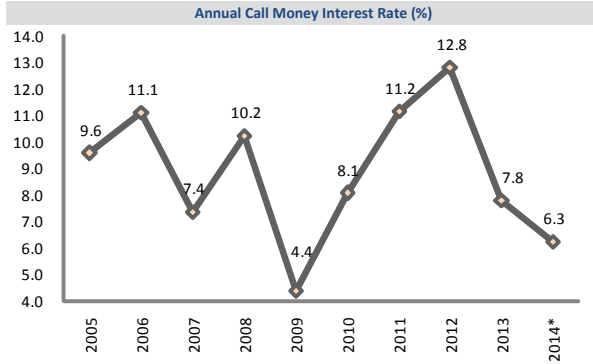
Source: Bangladesh Bank and IL Capital Research

Remittance:

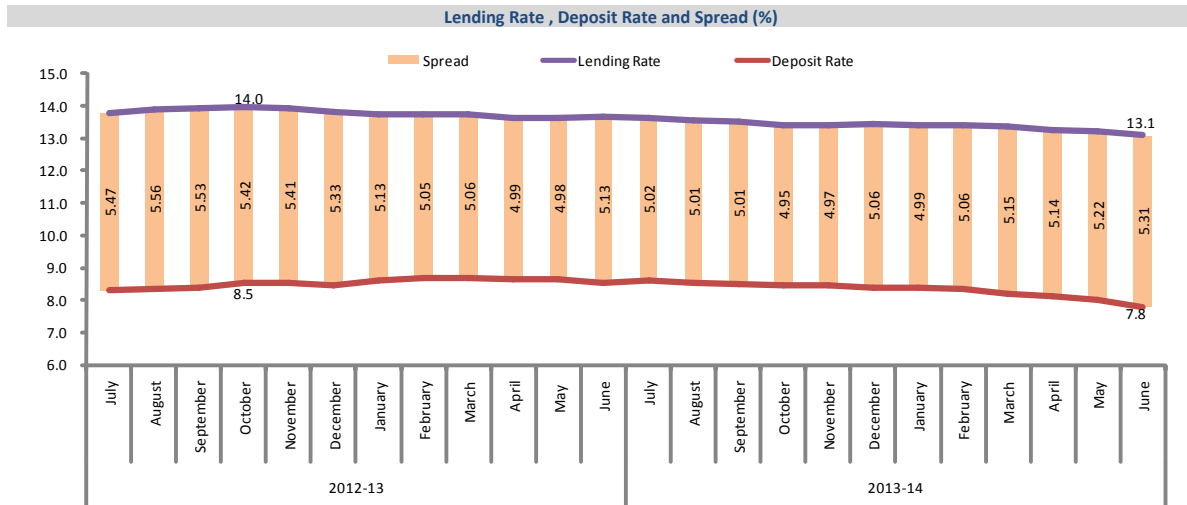


Source: Bangladesh Bank and IL Capital Research

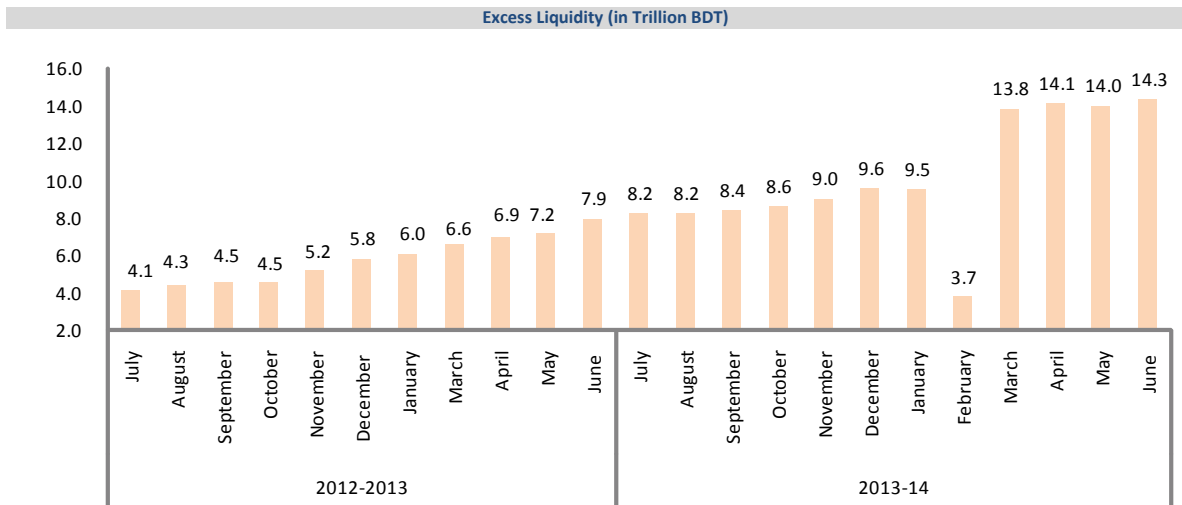
Interest Rate:



* Data up to July 2014



Excess Liquidity:

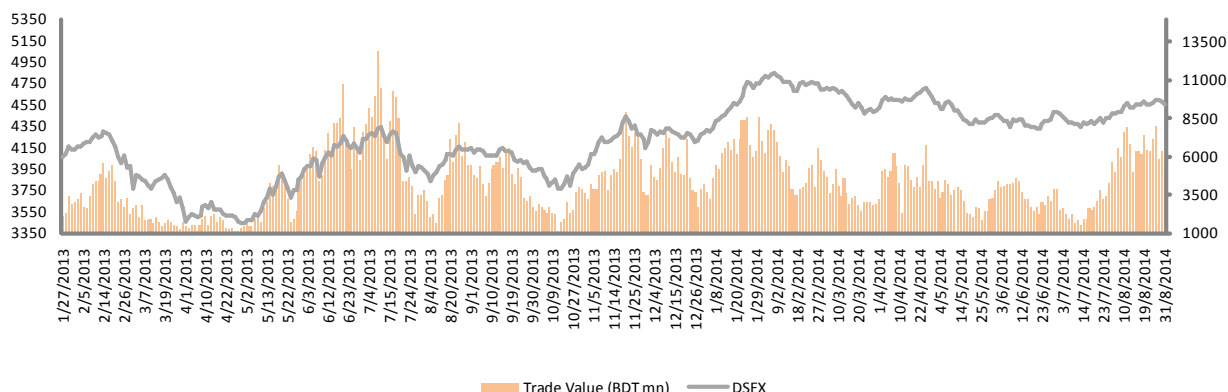


Source: Bangladesh Bank and IL Capital Research

MARKET UPDATE:

- The benchmark index of Dhaka Stock Exchange (DSEX) gained 6.6% in last eight months.
- During the month of August 2014, Market (DSEX) closed up by 2.8%, mainly driven by the up-trend in share prices of Cements, Engineering, Tannery & Footwear, Pharmaceuticals and Fuel & Power companies.
- The major sectors that gained during the month of August 2014 were IT (19.8%), Cements (14.3%), Engineering (9.0%), Pharmaceuticals (6.6%) and Fuel & Power (6.6%).
- On the other hand, the major sectors that set backed were Banks (-5.5%), Life Insurance (-5.2%), NBFIs (-1.3%) and General Insurance (-0.4%) in August 2014.
- Among the companies traded in the Dhaka Stock Exchange (DSE), Shahjibazar Power (52.0%), MJL Bangladesh (41.1%), Agni Systems (32.5%), Mozaffar Hossain Spinning Mills (31.8%) and Aamra Technologies (31.3%) were the top gainers in August 2014.
- On the other hand, major loser companies were EXIM Bank 1st Mutual Fund (-26.7%), IFIL Islamic Mutual Fund-One (-24.6%) and 6th ICB Mutual Fund (-24.6%) in August 2014.
- During the month of August 2014 the average daily turnover in the public market of Dhaka Stock Exchange was up by 146.9% to BDT 6.10bn from BDT 2.47bn in July 2014. Average daily turnover of IT sector increased by 813.3%, Engineering by 230.5%, Textile by 229.5%, Fuel & Power by 191.6%, NBFIs by 181.6%, Pharma & Chemical 160.7% and Cements by 149.2% in August 2014.
- There are sectors who have outperformed DSEX Year-To-Date namely Cements by 88.6%, Telecommunication by 48.1%, Foods by 47.3%, Pharma & Chemical by 28.3% and Tannery & Footwear 21.0% as of August 24, 2014.
- On the other hand, Insurance, Travel & Leisure, Textiles, Banks and NBFIs have underperformed DSEX Year-To-Date as of August 31, 2014 by 27.5%, 24.6%, 21.9%, 20.4% and 14.6% respectively.
- Market capitalization of DSE increased by 2.9% to BDT 3.02 trillion (USD 38.85 billion) as at August 31, 2014 from BDT 2.93 trillion (USD 37.75 billion) in July 2014.
- Equity, Debt and Mutual Fund's contribution to the total Market capitalization were 80.6%, 18.4% and 1.0% respectively as at August 31, 2014.

DSEX and Turnover movement in DSE



Sources: DSE and IL Capital Research

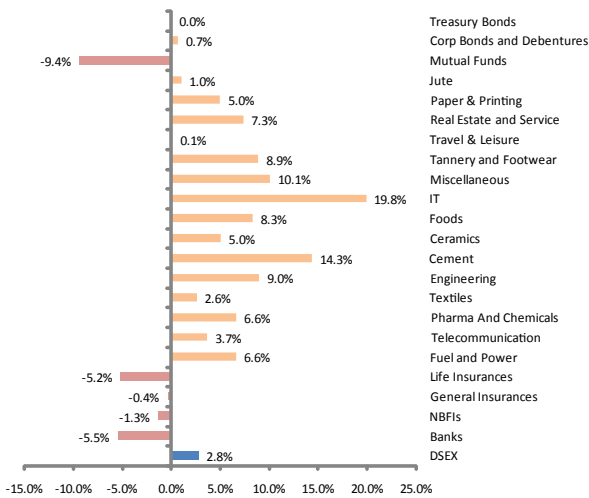
Market Capitalization of DSE

Instruments	31-Aug-14			24-Jul-14			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,435,834.5	31,329.1	80.6%	2,347,001.1	30,186.5	80.0%	3.8%
Debt Securities	555,049.7	7,138.9	18.4%	555,000.2	7,138.3	18.9%	0.0%
Mutual Fund	29,737.5	382.5	1.0%	32,815.5	422.1	1.1%	-9.4%
Total	3,020,621.7	38,850.4	100.0%	2,934,816.8	37,746.8	100.0%	2.9%

Note: Exchange Rate USD 1 : BDT 77.75

Source: DSE and IL Capital Research

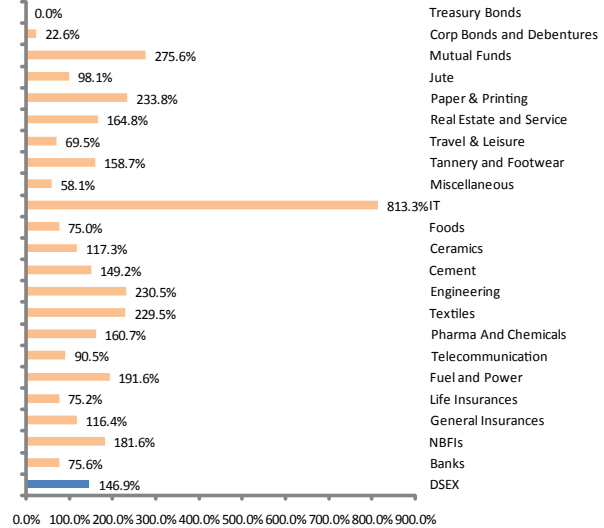
DSEX and Sectors Movement in DSE (Monthly)



Note: Sector movement considers changes in Market Capitalization of the sectors

Source: DSE and IL Capital Research

Average Turnover Movement in DSE (Monthly)



Note: Average Turnover excludes Block and Oddlot Market transaction

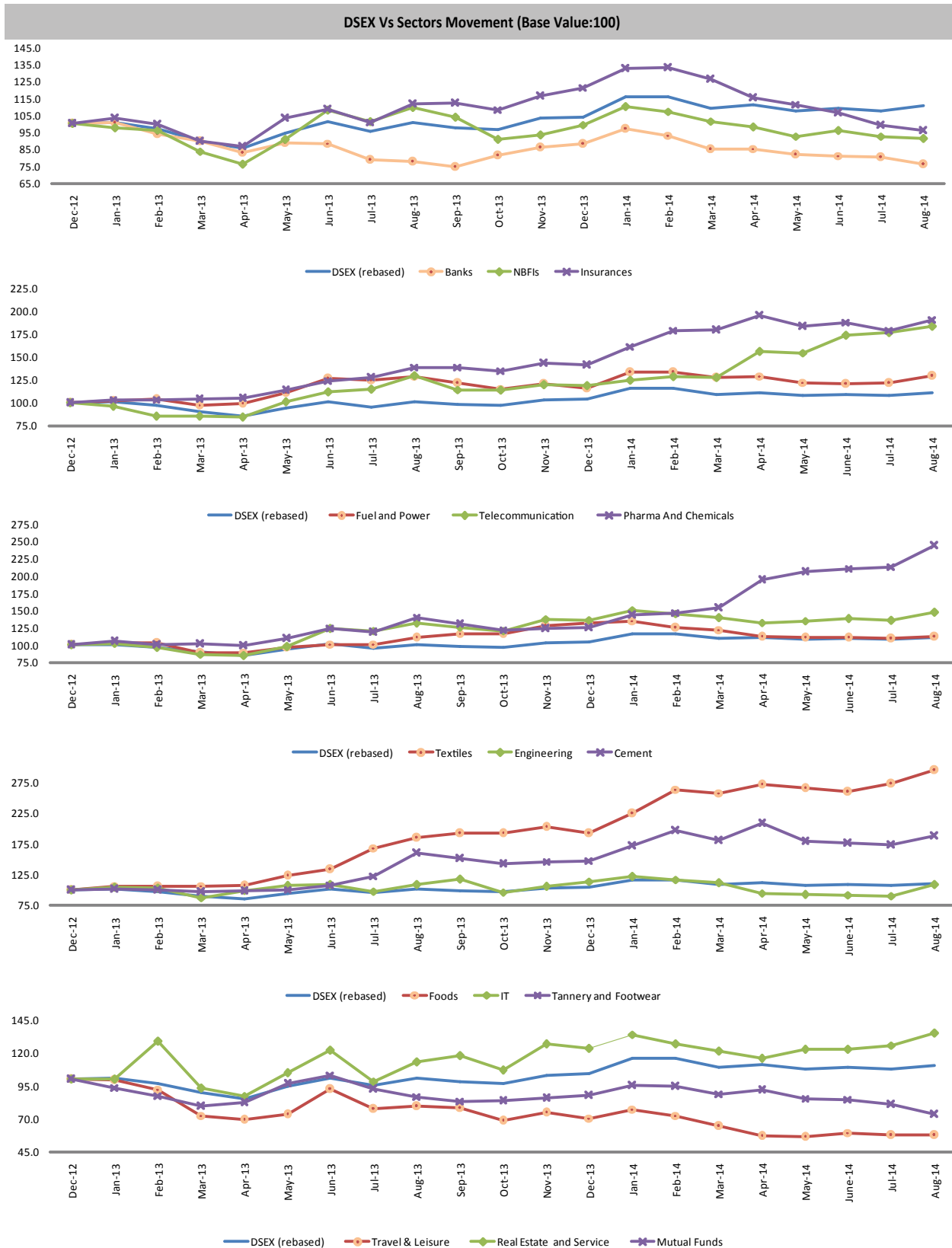
Top Gainers This Month

1	SPCL	52.0%
2	MJLBD	41.1%
3	AGNISYSL	32.5%
4	MHSML	31.8%
5	AAMRATECH	31.3%
6	BXPBARMA	29.8%
7	ACI	29.0%
8	LAFSURCEML	23.3%
9	BENGALWTL	22.6%
10	IDLC	22.5%

Top Losers This Month

1	EXIM1STMF	-26.7%
2	IFILISLMF1	-24.6%
3	6THICB	-24.6%
4	ICBAMCL2ND	-23.0%
5	PRAGATIUF	-22.5%
6	8THICB	-21.6%
7	ICBSONALI1	-21.2%
8	BSCCL	-20.9%
9	3RDICB	-20.0%
10	KAY&QUE	-20.0%

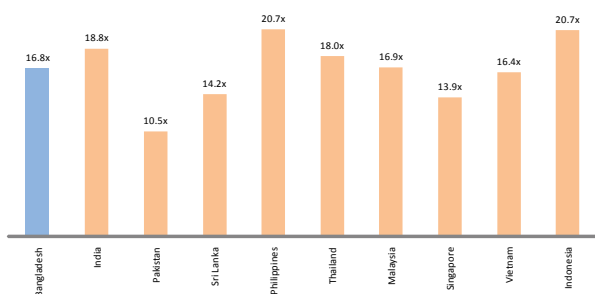
Source: DSE and IL Capital Research



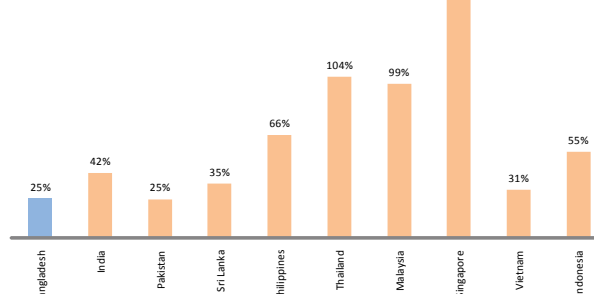
Note: The sector Indices are market capitalization weighted indices. Should you require any further clarification over index calculation methodology, please don't hesitate to contact IL Capital Research Team.

Sources: DSE and IL Capital Research

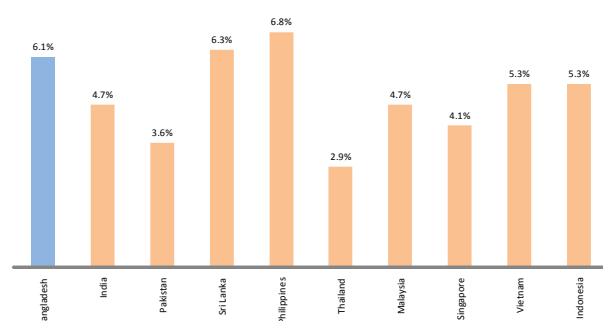
Price to Earning Ratio



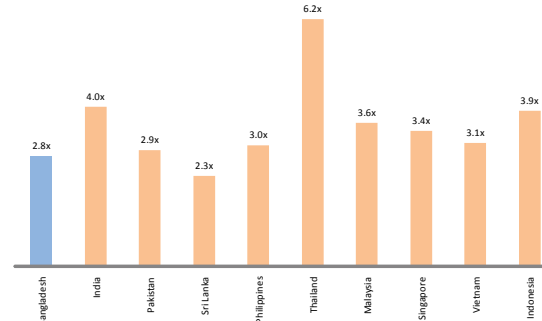
Market Cap. To GDP Ratio (%)



GDP Growth Rate in 2013 (%)



PEG Ratio (PE Ratio to GDP Groth Rate)



PEG ratio = PE ratio of the major stock exchange of the country /GDP Growth of the country in 2013. We assume that listed companies' aggregate earnings growth is reflected in GDP growth rate of the country.

Sources: www.bloomberg.com, www.imf.org, wikipedia.com, DSE and IL Capital Research

- As on August 2014, Bangladesh (DSE) is trading at 16.8x P/E, lower than that of Malaysia (16.9x), India (18.8x) and Philippines (20.7x). However, Bangladesh (DSE) is trading higher than that of Singapore (13.9x) and Sri Lanka (14.2x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on August 2014 is 2.8x which is lower than that of all countries except Sri Lanka (2.3).

Regional Markets' Comparables

Country	Index Symbol	Index Point	52-Week High	52-Week Low	PE Ratio	PEG Ratio	M. Cap (USD bn)
Bangladesh	DSEX	4,550	4.85K	3.76K	16.8x	2.8x	38.9
India	SENSEX	26,638	26.67K	18.07K	18.8x	4.0x	732.6
Pakistan	KSE100	28,567	30.64K	21.48K	10.5x	2.9x	59.3
Sri Lanka	CSEALL	7,034	7.03K	5.60K	14.2x	2.3x	22.7
Philippines	PCOMP	7,050	7.18K	5.71K	20.7x	3.0x	180.2
Thailand	SET	1,561	1.57K	1.21K	18.0x	6.2x	440.1
Malaysia	FBMKLCI	1,866	1.90K	1.70K	16.9x	3.6x	336.6
Singapore	FSSTI	3,327	3.39K	2.95K	13.9x	3.4x	437.7
Vietnam	VNINDEX	636	0.64K	0.46K	16.4x	3.1x	52.6
Indonesia	JCI	5,136	5.22K	4.01K	20.7x	3.9x	480.0

Sources: www.bloomberg.com, www.imf.org, wikipedia.com, DSE and IL Capital Research

We Dig Through The Bottom...



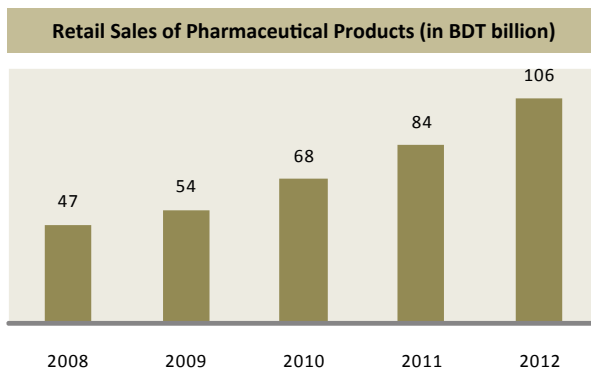
ILSL Research

- Dedicated and Qualified Research Team
- Uphold Professional and Ethical Manner
- Ensure Loyalty and Fair Dealing to Clients
- Conduct Investors' Awareness Program on Regular Basis
- Exercise Diligence, Independence and Thoroughness in Analysis

Pharmaceuticals Sector of Bangladesh

Industry Overview

The pharmaceuticals industry of Bangladesh has transformed significantly in the past decade. 20 years ago, 75% of Bangladesh's pharmaceutical products were imported. Now, 97% of Bangladesh's need is produced locally. This dynamic change in growth in the 20th century in this sector was inevitable and since late 1990s, the local companies like Square Pharmaceuticals started to take charge of the industry from the few multinational companies like UK's GlaxoSmithKline, Switzerland's Novartis and France's Sanofi, who used to meet the pharmaceutical requirements of the country's citizens. Having already contributed 1% of the GDP in the past year along with an estimated market size of US\$ 1.2 billion, the pharmaceuticals industry remains one of the fastest growing industries in the country. With the current growth rate of 8.12%, this industry has a lot more to deliver in the years to come.



Source: International Marketing Services (IMS) & ILSL Research

Production & Consumption

Around 194 manufacturers who are currently in operation meet 97% of the total requirements of medicine of the country. Almost 1500 registered drugs have to be imported in order to meet the rest of the needs of the country's population.

Product Types

There are more than 250 small, medium and large local and multinational pharmaceutical companies registered with the Directorate of Drug Administration (DDA). They produce more than 500 types of medicine. According to the Directorate General of Drug Administration (DGDA), 85% of the drugs being sold in Bangladesh are generic while 15% are patented. Currently there are 270 allopathic, 162 ayurvedic, 268 unani, 28 herbal and 27 homeopathic and biochemic registered drug products in the country as of 2014.

Product Types

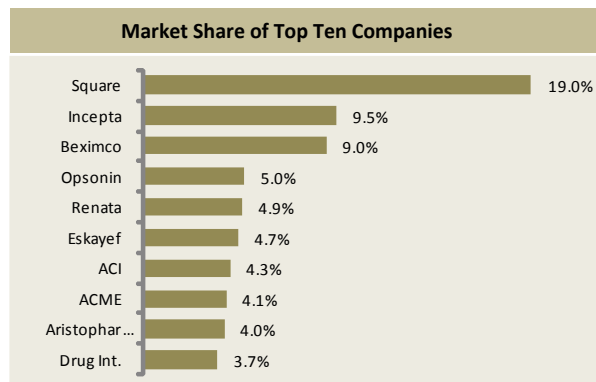
The Raw materials are imported from 98 indenters around the world. According to DGDA, there are close to 3000 valid sources of raw materials including countries like China, India, Korea and Italy among others. Most of the Active Pharmaceutical Ingredients (APIs), almost 80% are being imported from abroad as only a few companies like Active Fine Chemicals Ltd. independently manufacture APIs. Due to the high cost of implementing an API manufacturing plant, most of the local companies refrain from doing so.

API

The industry's production development entirely depends on the availability of API (Active Pharmaceutical Ingredient). API is the combination of substance used to manufacture drug products. Currently 21 companies are producing 41 APIs which are only 20% of the country's total API requirement. Hence, the other 80% of the APIs are being imported from abroad. However, with proper investment from the government level, there is still room for possible future growth in the API production.

Sector Players

The number of registered pharmaceuticals companies in the country is 260 among which 194 are currently in operation. With 90% of the market share held by the local companies, there are still some business opportunities remaining for multinational companies like GlaxoSmithKline and Reckitt Benckiser. Although there are nearly 200 companies competing in this industry, the top 20 companies represent 82% of the entire industry (Source: Bangladesh Pharmaceutical Society).



Source: UK Trade and Investment & ILSL Research

The Regulators

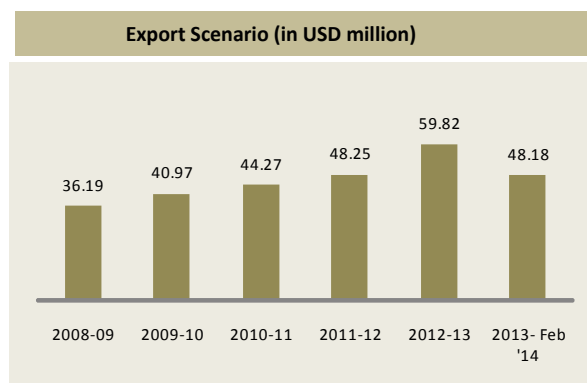
Two organizations are currently responsible for monitoring and regulating the drugs and pharmacies in Bangladesh, one being the governmental organization – The Directorate General of Drug Administration (DGDA) and the other being the semi-governmental - Pharmacy Council of Bangladesh (PCB). DGDA supervises activities related to licensing, sales, pricing along with raw material imports and exports, whereas PCB monitors the practice of pharmacy around the country (Source: The Drugs Control Ordinance).

GATT and TRIPS

In 1947, 23 countries penned a General Agreement on Tariffs & Trade (GATT) which provided rules, regulations and a system to settle trade disputes. Since then, eight negotiations took place and in 1995 World Trade Organization combined with GATT and TRIPS. Due to the combination of GATT-TRIPS-WTO, the protection of the local manufacturers of the pharmaceuticals industry of Bangladesh is withdrawn. Moreover, due to TRIPS, the foreign research companies are allowed to develop patent products at any price for the patented period and as a result Price determination & control by Drug Administration of Bangladesh are no longer viable. And the final implication of GATT-TRIPS-WTO opened the pharmaceuticals sector of Bangladesh to every medicine manufacturer in the world. However, considering the special needs and requirements of some Least Developed Countries (LDCs) including Bangladesh, the patented period was 2006-2016. Therefore, Bangladesh is required to improve its pharmaceuticals sector in the mean time so it can compete with manufacturers around the world. However, according to WTO, if a country remains an LDC even after the expiration of this patented period, the waiver will be extended for 8-10 years. Since Bangladesh is no exception, the government is currently anticipating the final decision from WTO regarding the extension.

Export scenario

The pharmaceuticals companies export their products to 98 countries around North America and Europe earning over US\$59.82 million in 2012-13. With an annual export growth rate of 26.1% in 2002 to 2012, the pharmaceuticals industry is experiencing rapid rise in demand in the developing countries such as Nepal and Myanmar. The amount of exports made to foreign countries in the year 2014 is shown in the following figure:



Source: Export Promotion Bureau & ILSL Research

With the help from government in implementing new plants for the local companies, more companies will be able to export their products in the future. Aside from exporting their products by themselves, pharmaceuticals companies are nowadays partnering with foreign corporations in order to broaden their products' reach.

Prospects and Obstacles

The pharmaceuticals industry has growing prospects in the upcoming years with a few obstacles to overcome. The major prospects of the industry are as follows:

➤ **Introduction of new vaccine types**

With the increased competition from foreign manufacturers, the pharmaceuticals companies of Bangladesh are taking initiatives to manufacture new medicines and vaccines by themselves.

➤ **Future R&D prospects**

As the leading pharmaceuticals companies like Square pharmaceuticals and Incepta are spending more and more in R&D facilities these days, multinational companies from around the world will be able to outsource some of their production on a contract basis in the future. It will not only generate revenues for local companies, but also inspire other local companies to invest in their R&D facilities as well. However, as the local companies need to be certified in order to export to the developed countries and the entire process is both time consuming and expensive, most of the companies shy away from exporting any of their products in the developed market.

➤ **Demographic factors**

Bangladesh is a country of 160 million people. According to the World Bank, the annual population growth of Bangladesh in 2012 was 1.2%, with 5.64 deaths/1000 population as of 2014. Therefore, with the growth in population the consumers of pharmaceuticals industry are growing as well. Besides these demographical advantages, another positive aspect of pharmaceuticals sector is the rise in awareness among people about drugs, medicines and healthcare in general.

Despite having a prosperous future ahead, the pharmaceuticals industry faces several obstacles coming its way.

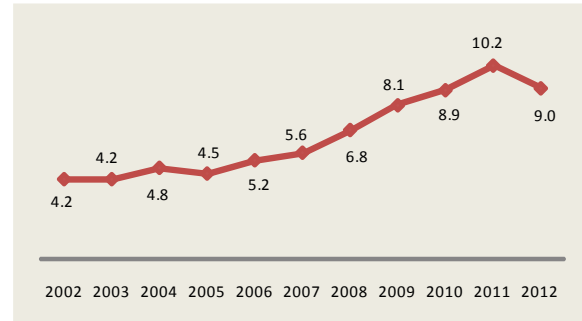
➤ **Lack of well equipped instruments, plant facilities and drug testing laboratories**

Currently, Bangladesh does not have any facilities for drug testing and biochemical studies. However, multinational companies like GlaxoSmithKline, Novartis and Sanofi are producing high-end drugs, vaccines and related products using their plants in Bangladesh. Apart from the multinationals, local companies are still struggling because of the unavailability of local plants. Moreover, registering a new medicine means testing it through the foreign facilities bearing the inspection charge. Since BAPI's proposal for setting up drug testing laboratories to the government remains to be implemented, pharmaceuticals industry has a long way to go as far as manufacturing, testing and exporting of own medicines are concerned.

➤ **Per capita government expenditure on Healthcare**

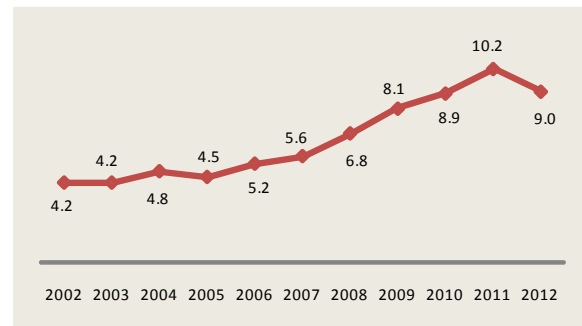
The government of Bangladesh can amplify the growth in the pharmaceuticals sector by increasing the per capita expenditure. As the government is spending only 3.7% of the GDP in healthcare, a major portion of the country's population gets left behind from using better healthcare facilities. However, the private sector expenditure on healthcare in Bangladesh has been superior compared to Government expenditure in the past decade. Since 2002 the private sector spent more than 60% of the total expenditure on health.

Per Capita Govt. Expenditure on Healthcare (in USD)



Source: World Health Organization (WHO) & ILSL Research

**Private Expenditure on Healthcare
(as a % of Total expenditure on healthcare)**



Source: World Health Organization (WHO) & ILSL Research

➤ **Lack of API support**

As of 2012, 41 APIs are being produced by 21 companies. In order to meet the requirement of the country's growing population, more and more API manufacturers are needed. Since the approved plans for the API industrial park in Munshiganj in 2012 was later delayed, Bangladesh's government needs to step up with action plans in order to boost up the sector growth in future.

➤ **Impact of political situation in the foreign exports regions**

With recent political unrest in the Middle Eastern countries, exports of pharmaceuticals sectors in these regions, especially countries like Afghanistan can really be hampered. Thus, the entire pharmaceuticals industry can suffer due to the existing volatile situation in the exporting countries like Afghanistan, Albania, Vietnam and Brazil.

Pharmaceuticals sector in the Capital Market

The pharmaceuticals sector represents 12.5% of total market capitalization in Dhaka Stock Exchange (DSE). 27 pharmaceuticals companies are currently listed to the country's prime bourse.

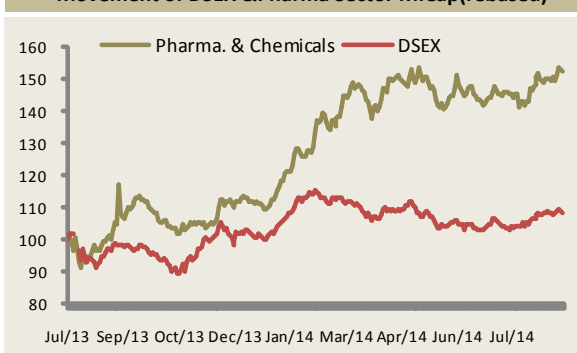
Stocks Listed in DSE Pharmaceuticals Sector	
Ticker	Product type
SQRPHARMA	Pharmaceuticals, herbal and agrochemical
BXPHARMA	Prefilled syringe, inhaler
RENATA	Pharmaceuticals, animal health and consumergoods
ORIONPHARM	Tablets and injections
BEACONPHAR	Biotech
IBNSINA	Syrup, tablet, injection, capsule, eye drops
CENTRALPHL	Tablets
AMBEEPHA	Tablet, capsule, liquid syrup, tube, injection
PHARMAID	Neutral Glass Ampoules
ACI	Pharmaceuticals, consumer brands, agribusinesses
GLAXOSMITH	Pharmaceuticals, vaccines and consumer healthcare
ACIFORMULA	Consumer brands, agribusinesses
JMISMDL	Syringes and medical devices
ACTIVEFINE	APIs, laboratory reagents
AFCAGRO	Bio-pharmaceuticals, biochemical
RECKITTBN	Hygiene and healthcare
MARICO	Coconut oil and hair products
KEYACOSMET	Personal hygiene and detergent products
KOHINOOR	Personal hygiene and cleaning products
GHCL	Caustic Soda, Hydrochloric Acid, Bleaching Powder, Chlorine, Sodium Hypochlorite & Chlorinated Paraffin Wax (CPW)
FARCHEM	Textile chemicals
SALVOCHEM	Chemicals/Acids
WATACHEM	Fluids
LIBRAINFU	Intravenous fluids
ORIONINFU	Fluids
BXSYNTH	Partial Oriented Yarn (POY), Draw Texturized Filament Yarn (DTFY)
IMAMBUTTON	Logo, horn, fancy, chalk and pearl buttons

Source: Annual Reports & ILSL Research

Pharmaceuticals Sector in DSE	
Market Capitalization of Sector (BDT bn)	316.4
Market weight of Sector (based on Market Cap)	12.8%
3-month Average Turnover (BDT mn)	611.0
3-month Return	5.4%
Pharmaceuticals Sector Trailing P/E	24.9
Pharmaceuticals Sector Forward P/E	20.5
Pharmaceuticals Sector P/B	3.2
Pharmaceuticals Sector ROE	15.8%
No of Listed Stocks	27

Source: DSE, ILSL Research

Movement of DSEX & Pharma Sector M.Cap(rebased)



Source: DSE, ILSL Research

The pharmaceutical sector possesses significant importance in the capital market of Bangladesh not only because it represents a considerably large segment of DSE but also because it's one of the major economical sectors of the country. With the ever increasing population of the country and the continuous development within this industry, the pharmaceutical companies can expect to grow in the years to come.

In this issue we covered four listed companies. These are: Square Pharmaceuticals Limited (DSE: SQRPHARMA), Beximco Pharmaceuticals Limited (DSE: BXPHARMA), Orion Pharma Limited (DSE: ORIONPHARM) and Active Fine Chemicals Limited (DSE: ACTIVEFINE).

Square Pharmaceuticals Limited

Company Overview

Square Pharmaceuticals Limited was established on November 10, 1964. The Company is engaged in manufacturing and marketing of pharmaceuticals finished products, Basic Chemicals, AgroVet Products, Pesticide Products, Small Volume Parental Ophthalmic Products and Insulin Products. Since 1985, the firm has been continuously in the 1st position among all national and multinational pharmaceuticals companies - currently holding 19.18% of market share. At present, the Company has 731 presentations in the form of tablet, capsule, liquid, injectable, infusion etc. Some of the flagship products are Ace[®], Ace Plus[®], Ceporin[®], Dermasol[®], Ermox[®], Imotil[®], Tusca[®] etc. The Company has three GMP compliant production sites. In 2012-13, the firm has utilized 66% and 102% of its production capacity in Tablet and Capsule segment respectively. Around 3% to 4% of its revenue generated from export sales. In 2012-13, export earnings increased by 48% compared to last year export.

The Company has 2 subsidiaries and 4 associates which involved in business of pharmaceuticals formulation, Textile and Hospital. Around 13% of its consolidated revenue came from Square Cephalosporine Ltd. (99.48% holding) whereas Square Formulation Ltd. (99.60% holding) did not commenced production. The firm had voluntarily wound up its associates Square Biotech Ltd on August 30, 2012 and Square Multi Fabrics Ltd. on October 20, 2012.

The firm was listed in DSE and CSE since 1995. Around 54.21%, 27.18%, 9.65% and 8.96% of shares are held by Sponsors, Institutions, Foreigners and General Investors respectively.

Investment Insight

- Square Formulation Ltd., a subsidiary which will produce and sell pharmaceuticals drugs and medicines, will commence its operation soon. Around BDT 1.37 bn investment had been made in Plant & Equipment up to 31 March 2013.
- The Company has undisputed Goodwill in local and international market which is crucial for a pharmaceutical firm for doing sound business.
- Constant longing to introduce new products in local and international market along with several blockbuster ensured sustainability of profit margins. The firm expected commercial supply to USA from Q4 of 2015 on the approval of Abbreviated New Drug Application (ANDA).
- The Company established sound dividend policy over the years which are expected to continue.
- The Company is exposed to foreign exchange risk as 83.97% of total raw materials are imported.
- Current P/B of the Company was 4.0x which is quite high.

DSE:SQRPHARMA
BLOOMBERG:SQUARE:BD

Company Fundamentals as of August 31, 2014

Market Cap (BDT mn)	129,927.7
Market weight	5.2%
No. of Share Outstanding (in mn)	481.9
Free-float Shares	45.8%
Paid-up Capital (BDT mn)	4,820.0
3-month Average Turnover (BDT mn)	152.8
3-month Return	0.2%
Current Price (BDT)	234.4
52-week price range (BDT)	168 - 293
Sector's Forward P/E	20.7

	2011-12	2012-13	2013-14 (9M Ann)	2014-15 (3M ann)
Financial Information (BDT mn):				
Sales	19,798	20,202	23,302	26,014
Operating Profit	4,616	5,089	6,873	6,924
Profit After Tax	3,125	3,553	4,771	4,642
Assets	24,377	27,257	30,823	32,023
Long Term Debt	934	1,603	1,895	1,777
Equity	19,127	22,378	25,645	28,044
Dividend (C/B)%	25/40	25/30	--/--	--/--
Margin:				
Gross Profit	39.9%	43.5%	48.9%	45.3%
Operating Profit	23.3%	25.2%	29.5%	26.6%
Pretax Profit	22.0%	24.1%	28.3%	25.2%
Net Profit	15.8%	17.6%	20.5%	17.8%
Growth:				
Sales	16.6%	2.0%	15.3%	11.6%
Gross Profit	17.9%	11.5%	29.4%	3.5%
Operating Profit	20.9%	10.3%	35.1%	0.7%
Net Profit	10.4%	13.7%	34.3%	-2.7%
Profitability:				
ROA	13.3%	13.8%	16.4%	14.8%
ROE	17.8%	17.1%	19.9%	17.3%
Leverage:				
Debt Ratio	13.2%	10.8%	7.3%	5.1%
Debt-Equity	16.9%	13.2%	8.7%	5.8%
Int. Coverage	9.9	14.2	35.6	30.2
Valuation:				
Price/Earnings	24.3	20.9	23.5	23.4
Price/BV	5.9	5.0	4.4	4.0
EPS (BDT)	9.8	8.6	9.9	9.6
DPS (BDT)	2.5	2.5	3.0	--
NAVPS (BDT)	51.6	46.4	53.2	58.2

Last 5 Year's Price Movement (BDT)



Source: Annual Report, the Financial Express, the Daily Star, ILSL Research

Beximco Pharmaceuticals Limited

Company Overview

Beximco Pharmaceuticals Limited was incorporated as a public limited company in Bangladesh in 1976. It commenced its manufacturing operation in 1980. It is among the top three pharmaceutical firms in the country holding 8.62% market share within industry. It received GMP accreditation from AGES, Austria (for European Union); and win 'National Export Trophy (Gold)' for the fourth time.

The company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products. It has production facility over an area of 23 acres in line with cGMP. It utilized 82.73% and 78.61% of its production capacity at tablet & capsule segment and liquid & cream segment respectively. The firm earned 94% of its revenue from local sales and the rest from export. Napa®, Napa Extra®, Tofeen®, Azithrocin®, Neoceptin® R, Antacid MAX® etc. are some blockbusters of the Company.

The firm was listed in DSE & CSE in 1986 & 1995 respectively and also in the Alternative Investment Market (AIM) of the London Stock Exchange in 2005 through issuance of Global Depository Receipts (GDRs).

Investment Insight

- The firm showed its continual effort to increase sales by penetrating new market niche. In 2013, it launched 23 new products. It also registered 38 new products in overseas markets during the same period. It also commenced exports to Germany and Austria and obtained marketing authorization for a product in Australia.
- The firm have good brand image, product basket of more than 500 items and some of them are blockbuster so that profit growth is relatively more sustainable.
- The firm is less dependent on debt capital. At the same time it has adequate capacity for existing debt servicing.
- The firm has paid stable dividend (21%B, 15%B and 10%C & 5%B) over last three years. This trend may continue in near future.
- The firm imports around 46% of its COGS; therefore unfavorable foreign exchange situation has been slowing down operating and net profit growth.
- Total BDT 267.91 mn contingent liabilities (Income Tax BDT 101.29 mn; VAT BDT 144.11 and Custom Duty BDT 22.51 mn) claim against the firm may badly affect its future profitability.

DSE:BXPHARMA

BLOOMBERG:BXPHAR:BD

Company Fundamentals as of August 31, 2014

Market Cap (BDT mn)	20,968
Market weight	0.8%
No. of Share Outstanding (in mn)	367.8
Free-float Shares	86%
Paid-up Capital (BDT mn)	3,679
3-month Average Turnover (BDT mn)	55.9
3-month Return	39.3%
Current Price (BDT)	55.7
52-week price range (BDT)	37.1 – 59.4
Sector's Forward P/E	20.7

	2011	2012	2013	2014 (6M Ann)
--	------	------	------	------------------

Financial Information (BDT mn):

Sales	7,890	9,289	10,491	10,645
Operating Profit	1,988	2,208	2,324	2,265
Profit After Tax	1,199	1,319	1,405	1,449
Assets	23,033	24,590	27,471	28,260
Long Term Debt	3,257	3,117	3,313	3,478
Equity	17,128	18,408	19,776	20,113
Dividend (C/B)%	-/21	-/15	10/5	-/--

Margin:

Gross Profit	48.0%	47.3%	46.1%	45.4%
Operating Profit	25.2%	23.8%	22.2%	21.3%
Pretax Profit	21.3%	20.6%	20.0%	19.1%
Net Profit	15.2%	14.2%	13.4%	13.6%

Growth:

Sales	21.6%	17.7%	12.9%	1.5%
Gross Profit	19.3%	15.9%	10.2%	-0.1%
Operating Profit	21.6%	11.0%	5.3%	-2.5%
Net Profit	14.0%	10.1%	6.5%	3.1%

Profitability:

ROA	5.4%	5.5%	5.4%	5.2%
ROE	7.2%	7.4%	7.4%	7.3%

Leverage:

Debt Ratio	16.9%	14.9%	17.0%	16.8%
Debt-Equity	22.7%	19.9%	23.7%	23.6%
Int. Coverage	3.5	3.4	3.7	3.5

Valuation:

Price/Earnings	17.2	15.6	14.7	14.6
Price/BV	1.2	1.1	1.0	1.1
EPS (BDT)	3.3	3.6	3.8	3.9
DPS (BDT)	--	--	1.0	--
NAVPS (BDT)	46.6	50.0	53.8	54.7

Last 5 Year's Price Movement (BDT)



Source: Annual Report, the Financial Express, the Daily Star, ILSL Research

Orion Pharma Limited

Company Overview

Orion Pharma Limited, a company of Orion Group, was incorporated on June 21, 1965 and started its commercial operation on November 25 1966. The Company is engaged in manufacturing and marketing of generic pharmaceuticals Drugs and medicines. At present, the Company has 120 generics in 225 presentations in the form of tablet, capsule, PFS, ampoule, cephalosporin injectable, cream, and ointment products of different therapeutic group. It has production facility in line with WHO cGMP standards. In 2013, the firm utilized 69.62% and 39.87% of its production capacity at tablet & capsule segment and Oral liquid, Injection, cream & Ointment segment respectively. Some of the flagship products are Enliven Capsule, Betacal tab, Vertex injection, Deslor Tab/Syp etc. The firm has around 2% of market share in Pharmaceuticals Industry.

The Company has 8 subsidiaries and 1 associate which involved in business of Power Generation, Merchant Banking, Investment and trading securities, Agro based products, Veterinary Drugs, Herbal Drugs and LVP and Sterile Products. In 2012 & 2013 revenue was way higher than earlier years because more than 80% of its total revenue came from power generation. The firm was listed in DSE and CSE on March 20, 2013. Around 31.98% of shares of the company are held by Sponsors whereas 24.34% and 43.68% are held by Institutional and General Investors respectively.

Investment Insight

- The Company is setting up a production facility in Siddirganj for hi-tech products, hormone and contraceptive, oncology, herbal and veterinary products etc., when this will be in effect, revenue from pharmaceuticals might get a boost.
- Last year, unlike any pharmaceuticals firms, more than 80% of its total revenue came from power generation; these quick rental contracts will come to an end, if not extended, on October 2018. On that time earning will drop severely.
- In 2013, earnings from local sales of pharmaceuticals products plunged by almost 4% whereas sector achieved 10.55% growth.
- Full dependency on imported raw material created significant foreign exchange risk.

DSE:ORIONPHARM
BLOOMBERG:OPL:BD

Company Fundamentals as of August 31, 2014

Market Cap (BDT mn)	11,840
Market weight	0.5%
No. of Share Outstanding (in mn)	234
Free-float Shares	68.0%
Paid-up Capital (BDT mn)	2,340.0
3-month Average Turnover (BDT mn)	31.5
3-month Return	-0.4%
Current Price (BDT)	49.1
52-week price range (BDT)	42.2 – 67.8
Sector's Forward P/E	20.7

	2011	2012	2013	2014 (6M Ann)
Financial Information (BDT mn):				
Sales	7,026	9,546	11,012	11,239
Operating Profit	1,467	2,382	2,236	2,412
Profit After Tax	863	933	909	1,409
Assets	23,466	25,330	25,754	25,698
Long Term Debt	7,192	7,335	4,852	4,898
Equity	12,763	13,277	15,875	16,274
Dividend (C/B)%	--/--	20/20	15/--	--/--
Margin:				
Gross Profit	29.7%	31.9%	26.3%	30.1%
Operating Profit	20.9%	24.9%	20.3%	21.5%
Pretax Profit	18.3%	13.5%	9.7%	13.7%
Net Profit	12.3%	9.8%	8.3%	12.5%
Growth:				
Sales	397.6%	35.9%	15.4%	2.1%
Gross Profit	160.9%	46.1%	-4.9%	16.7%
Operating Profit	310.9%	62.4%	-6.1%	7.9%
Net Profit	171.2%	8.1%	-2.6%	55.1%
Profitability:				
ROA	5.2%	3.8%	3.6%	5.5%
ROE	8.0%	7.2%	6.2%	8.8%
Leverage:				
Debt Ratio	37.8%	34.6%	26.7%	25.7%
Debt-Equity	69.6%	66.0%	43.3%	40.6%
Int. Coverage	2.5	1.7	1.7	2.3
Valuation:				
Price/Earnings	--	--	13.5	--
Price/BV	--	--	0.7	--
EPS (BDT)	4.4	3.9	4.1	--
DPS (BDT)	--	2	1.5	--
NAVPS (BDT)	73.4	64.8	65.2	--

Price Movement (BDT) Since Listing



Source: Annual Report, the Financial Express, the Daily Star, ILSL Research

Active Fine Chemicals Limited

Company Overview

Active Fine Chemicals Limited (AFCL) has been incorporated on December 1, 2004 and started its commercial operations on October 5, 2009. The Firm has been enlisted in DSE and CSE on November 22, 2010. Around 14.78% of shares of the company are held by Sponsors whereas 76.94% and 8.28% are held by General and Institutional Investors respectively. The core business of the firm is to produce Active Pharmaceutical Ingredients (API)/ Bulk Drugs and different Laboratory Reagents. To carry out the business, the firm has a multi-purpose bulk drugs and fine chemicals manufacturing facility at Munshigonj on 3.60 acre land with 480 kilo liters yearly production capacity.

At present, the firm is producing 15 APIs and 3 Reagents. In 2013, almost 100% revenue came from local sales. Currently, most of the raw materials consumed by the company are imported from China and India. However, AFCL has established an associate company – AFC Agro Biotech Ltd. (AFCABL) (holding 12% stake based on post-IPO shares) for facilitating uninterrupted supply of some particular raw materials. AFCABL has got listed in the capital market. AFCL has other associate companies – AFC Solvents Ltd., AFC Capital Ltd. and AFC Agro Biology Ltd. (proposed).

Investment Insight

- The BOD of the Company has decided to inject fresh fund to expand operating capacity by using strategic investment subject to the approval of the shareholders in the EGM and BSEC. However, the expansion plan is not disclosed yet.
- Under the recent expansion plan, AFCL is going to issue additional 20 mn ordinary shares to its institutional strategic investors (subject to the approval of the shareholder and BSEC) that will cause significant dilution.
- P/B ratio of the company based on unaudited Q2 report is 3.9x which is high compared to the market (2.0x).
- Profit margin of AFCL dampened in recent quarters of 2014 due to increased price of imported raw materials in the international market.

DSE:ACTIVEFINE
BLOOMBERG:ACTVC:BD

Company Fundamentals as of August 31, 2014

Market Cap (BDT mn)	5,473
Market weight	0.2%
No. of Share Outstanding (in mn)	82.8
Free-float Shares	85.2
Paid-up Capital (BDT mn)	828
3-month Average Turnover (BDT mn)	52.8
3-month Return	-1.2%
Current Price (BDT)	66.1
52-week price range (BDT)	59.5 – 105.5
Sector's Forward P/E	20.7

	2011	2012	2013	2014 (6M Ann)
Financial Information (BDT mn):				
Sales	443	721	1227	1264
Operating Profit	165	279	452	417
Profit After Tax	134	223	335	273
Assets	901	1326	1740	1948
Long Term Debt	2	25	43	69
Equity	735	958	1293	1395
Dividend (C/B)%	-/20	-/25	5/20	---
Margin:				
Gross Profit	46.7%	48.5%	43.1%	37.4%
Operating Profit	37.3%	38.7%	36.8%	33.0%
Pretax Profit	32.8%	36.1%	32.2%	28.4%
Net Profit	30.2%	30.9%	27.3%	21.6%
Growth:				
Sales	166.0%	62.8%	70.3%	3.0%
Gross Profit	147.9%	68.9%	51.4%	-10.5%
Operating Profit	215.8%	69.1%	61.9%	-7.8%
Net Profit	60.8%	66.9%	50.3%	-18.4%
Profitability:				
ROA	16.3%	20.0%	21.8%	14.8%
ROE	20.0%	26.3%	29.8%	20.3%
Leverage:				
Debt Ratio	13.3%	18.7%	16.4%	15.6%
Debt-Equity	16.3%	25.9%	22.0%	21.8%
Int. Coverage	12.4	10.6	12.1	10.2
Valuation:				
Price/Earnings	25.7	24.6	20.4	20
Price/BV	4.6	4	3.5	3.9
EPS (BDT)	2.4	3.2	4	3.3
DPS (BDT)	--	--	0.5	--
NAVPS (BDT)	11.9	13.1	15.6	16.8

Last 5 Year's Price Movement (BDT)



Source: Annual Report, the Financial Express, the Daily Star, ILSL Research

MUTUAL FUND: MONTHLY UPDATE

Performance of Mutual Funds

Mutual Fund Sector of DSE posted 9.1% loss over the month (24 July - 28 August, 2014), while the prime index of the bourse, DSEX, increased by 3.4%. Price of 5 Mutual Funds increased and 36 Mutual Funds decreased over the period. On the other hand, NAV @ Market Price of 32 Mutual Funds increased, 1 Mutual Fund remained unchanged and 8 Mutual Funds decreased. Out of 41 Mutual Funds, 38 were traded below their respective NAV. GREENDELMF had the lowest Price/NAV ratio (46.6%) whereas 1STPRIMFMF was traded at highest Price/NAV ratio (144.1%). Price of PRIME1ICBA Mutual Fund gained 7.1% against increase in NAV by 0.3%.

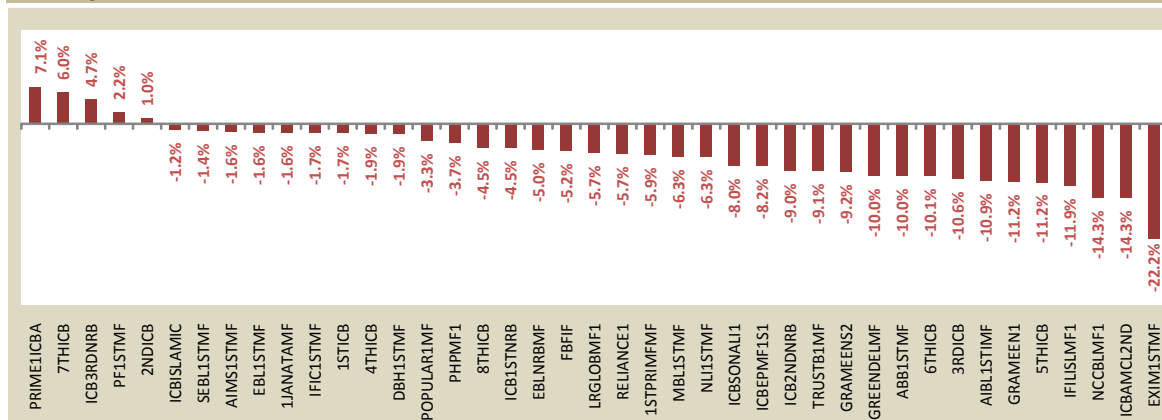
Name of Fund	NAV Per Unit @		Price 28 Aug, 2014	Close Price/ NAV per Unit	% Change in NAV	% Change in Price	52-Week Price Range	Avg Monthly Turnover	Year of Redemption	Asset Manager
	Market Price	Cost Price								
AIMS1STMF	51.13	18.58	37.8	73.9%	↑ 0.7%	↓ -1.6%	27 - 63.4	19.43	30/Jun/15	AIMS
GRAMEEN1	35.64	21.74	35.8	100.4%	↑ 2.4%	↓ -11.2%	29.4 - 84	11.34	4/Sep/15	AIMS
GRAMEENS2	19.78	13.41	13.9	70.3%	↑ 2.2%	↓ -9.2%	10.7 - 29.8	11.25	2/Sep/23	AIMS
RELIANCE1	12.68	12.07	8.2	64.7%	↑ 1.0%	↓ -5.7%	7 - 10.3	5.14	7/Jul/21	AIMS
1STICB	1535.87	228.96	855.0	55.7%	↑ 1.0%	↓ -1.7%	810 - 1068.2	0.19	31/Dec/14	ICB
2NDICB	318.54	113.57	256.5	80.5%	↑ 4.2%	↑ 1.0%	175.1 - 352	0.43	31/Dec/14	ICB
3RDICB	339.42	76.88	190.5	56.1%	↑ 0.5%	↓ -10.6%	135 - 270	0.09	31/Dec/14	ICB
4THICB	302.52	86.55	188.0	62.1%	↑ 1.3%	↓ -1.9%	122.1 - 242.1	0.16	31/Dec/14	ICB
5THICB	257.09	65.13	144.5	56.2%	↑ 4.7%	↓ -11.2%	100 - 235	0.19	31/Dec/14	ICB
6THICB	68.51	31.97	50.8	74.1%	↑ 4.7%	↓ -10.1%	40.5 - 77	2.40	31/Dec/14	ICB
7THICB	118.67	44.02	88.0	74.2%	↑ 5.9%	↑ 6.0%	66 - 115.9	0.06	31/Dec/14	ICB
8THICB	81.94	38.66	54.9	67.0%	↑ 5.6%	↓ -4.5%	47.1 - 82	1.53	31/Dec/14	ICB
1STPRIMFMF	11.1	16.46	16.0	144.1%	↑ 7.4%	↓ -5.9%	8.8 - 35.7	4.61	17/Mar/16	ICB AMCL
ICB1STNRB	23.46	32.59	25.3	107.8%	↓ -4.6%	↓ -4.5%	21.5 - 37.7	0.84	28/Mar/17	ICB AMCL
ICB2NDNRB	10.58	14.39	8.1	76.6%	↓ -2.8%	↓ -9.0%	7.3 - 12	1.32	27/Jul/18	ICB AMCL
ICB3RDNRB	7.46	11.03	4.5	60.3%	↓ -2.4%	↑ 4.7%	4.4 - 6.4	1.54	24/May/20	ICB AMCL
ICBAMCL2ND	8.29	12.64	4.8	57.9%	↑ 1.3%	↓ -14.3%	4.6 - 7.8	0.43	28/Oct/19	ICB AMCL
ICBEPMF1S1	7.85	11.4	4.5	57.3%	↑ 0.5%	↓ -8.2%	4.4 - 7.4	0.65	18/Jan/20	ICB AMCL
ICBISLAMIC	16.97	22.93	16.8	99.0%	↓ -3.5%	↓ -1.2%	15.4 - 24.9	0.83	5/Jan/15	ICB AMCL
ICBSONALI1	9.51	10.5	6.9	72.6%	↓ -6.4%	↓ -8.0%	6 - 13.2	2.47	12/Jun/23	ICB AMCL
IFILISLMF1	9.41	10.92	5.2	55.3%	↓ -4.6%	↓ -11.9%	4.1 - 9.4	7.21	22/Nov/20	ICB AMCL
PF1STMF	7.55	11.55	4.6	60.9%	↑ 0.8%	↑ 2.2%	4.5 - 7	1.03	9/May/20	ICB AMCL
PRIME1ICBA	7.89	11.22	4.5	57.0%	↑ 0.3%	↑ 7.1%	4.4 - 6.9	0.90	2/Feb/20	ICB AMCL
AIBL1STMF	9.74	10.48	4.9	50.3%	↑ 0.9%	↓ -10.9%	4.7 - 10.2	0.55	10/Jan/21	LR Global
DBH1STMF	9.63	10.72	5.1	53.0%	↔ 0.0%	↓ -1.9%	4.9 - 11.2	2.30	7/Feb/20	LR Global
GREENDELMF	9.65	10.54	4.5	46.6%	↑ 0.4%	↓ -10.0%	4.4 - 10.3	0.99	28/Sep/20	LR Global
LRGLOBMF1	10.52	11.26	5.0	47.5%	↑ 0.2%	↓ -5.7%	4.9 - 9.6	0.61	19/Sep/21	LR Global
MBL1STMF	9.63	10.44	4.5	46.7%	↑ 0.4%	↓ -6.3%	4.4 - 8.9	2.03	8/Feb/21	LR Global
NCCBLMF1	10.12	10.85	5.4	53.4%	↑ 0.2%	↓ -14.3%	5.4 - 13	0.36	24/May/22	LR Global
1JANATAMF	11.3	12.08	6.0	53.1%	↑ 1.6%	↓ -1.6%	4.9 - 10.3	3.34	20/Sep/20	RACE
ABB1STMF	12.27	11.33	6.3	51.3%	↑ 0.9%	↓ -10.0%	5.8 - 8.3	3.17	29/Jan/22	RACE
EBL1STMF	10.46	11.86	6.0	57.4%	↑ 3.0%	↓ -1.6%	5.4 - 7.9	1.94	19/Aug/19	RACE
EBLNRBMF	10.9	11.49	5.7	52.3%	↑ 0.8%	↓ -5.0%	5.1 - 8.7	0.08	23/May/21	RACE
EXIM1STMF	11.48	11.4	7.0	61.0%	↑ 1.2%	↓ -22.2%	6.1 - 9.3	0.03	16/Jul/23	RACE
FBFIF	11.36	11.28	7.3	64.3%	↑ 1.2%	↓ -5.2%	6.7 - 10	0.01	19/Mar/22	RACE
IFIC1STMF	11.09	11.57	5.9	53.2%	↑ 1.1%	↓ -1.7%	5.1 - 7.9	1.87	1/Apr/20	RACE
PHPMF1	10.67	12.21	5.2	48.7%	↑ 1.1%	↓ -3.7%	4.5 - 10.4	2.66	29/Nov/20	RACE
POPULAR1MF	11.47	12.3	5.9	51.4%	↑ 1.6%	↓ -3.3%	4.8 - 10	3.38	19/Oct/20	RACE
TRUSTB1MF	11.19	11.39	6.0	53.6%	↑ 2.0%	↓ -9.1%	5.4 - 8.4	3.36	27/Jan/20	RACE
NLI1STMF	11.61	11.67	7.4	63.7%	↓ -8.3%	↓ -6.3%	7.3 - 10.4	4.41	27/Feb/22	VIPB
SEBL1STMF	11.28	11.13	7.0	62.1%	↓ -7.9%	↓ -1.4%	7 - 9.4	5.86	23/May/21	VIPB

Mutual Fund : Monthly Update

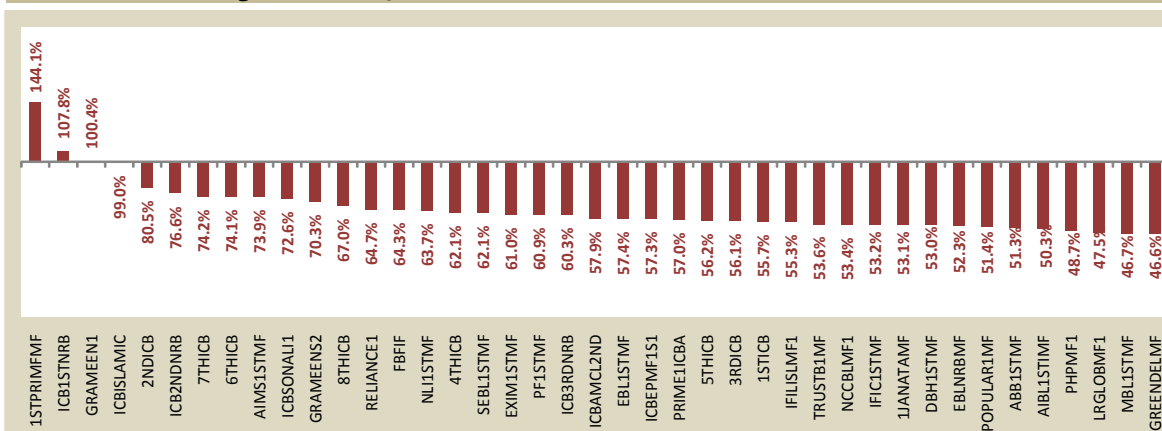
Monthly Top 10 Analysis

Highest Return	% Change in NAV	Lowest Return	% Change in NAV	Turover Leader	Avg Turnover (BDT mn)
1STPRIMFMF	7.4%	NLI1STMF	-8.3%	AIMS1STMF	19.4
7THICB	5.9%	SEBL1STMF	-7.9%	GRAMEEN1	11.3
8THICB	5.6%	ICBSONALI1	-6.4%	GRAMEENS2	11.3
6THICB	4.7%	IFILISLMF1	-4.6%	IFILISLMF1	7.2
5THICB	4.7%	ICB1STNRB	-4.6%	SEBL1STMF	5.9
2NDICB	4.2%	ICBISLAMIC	-3.5%	RELIANCE1	5.1
EBL1STMF	3.0%	ICB2NDNRB	-2.8%	1STPRIMFMF	4.6
GRAMEEN1	2.4%	ICB3RDNRB	-2.4%	NLI1STMF	4.4
GRAMEENS2	2.2%	DBH1STMF	0.0%	POPULAR1MF	3.4
TRUSTB1MF	2.0%	LRGLOBMF1	0.2%	TRUSTB1MF	3.4

Monthly Price Return



Mutual Funds Trading at Premium/Discount

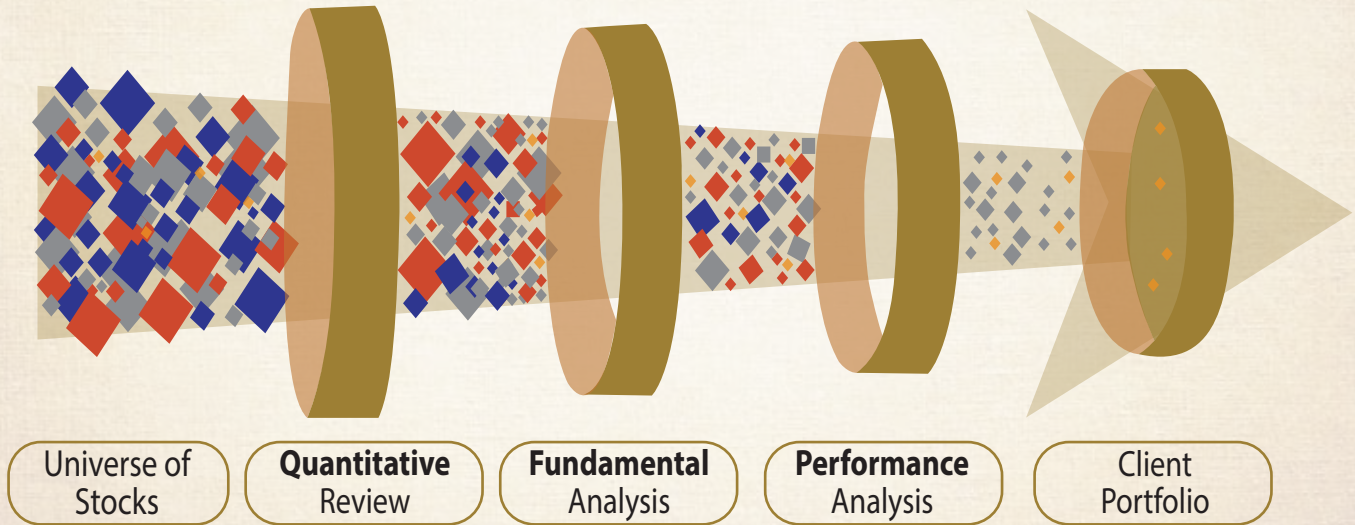


Performance of Asset Managers

Asset Manager	Assets Under Management (AUM) (BDT mn)	% of Total AUM	Monthly Return on Portfolio	NAV @ Market Price/ Cost Price	Paid-Up Capital (BDT in mn)
AIMS	6,515	12.9%	1.6%	1.67	2,595
ICB	3,447	6.8%	2.9%	3.54	178
ICB AMCL	6,568	13.0%	-2.2%	0.74	7,250
LR Global	8,936	17.8%	0.3%	0.92	8,896
RACE	23,154	46.0%	1.4%	0.97	20,386
VIPB	1,710	3.4%	-8.0%	1.01	1,501

Source: DSE, ILSL Research

Our Management



guides you to separate out
glitters from the **GOLD!!!**

Our New Trading Partner



Contact Address

Printers Building (14th Floor) , 5, Rajuk Avenue Dhaka -1000, Tel: +88-02-9515573, Fax: +88-02-7117559, www.il-capital.com

Business Newsflash

Economy

Remittance accelerates to record USD 1.48b in July

The Daily Star, August 5, 2014

Migrant workers last month sent home USD 1.48 bn, the highest inflow of remittance in a single month in Bangladesh's history. The amount is 15.19% higher than in the previous month and 19.67% from July last year. Last month's receipts surpassed October 2012's USD 1.45 bn, the highest for a single month previously.

Government borrowing in last fiscal at three-year low

The Financial Express, August 13, 2014

The government's net domestic borrowing came down to a three-year low in 2013-14 fiscal despite a substantial rise in the sale of its saving tools. A number of economists said higher aid disbursement was the main reason for the decline. The **net domestic borrowing stood low at BDT 295.75 bn in the last fiscal year** against the revised target of BDT 409.82 bn.

Current account surplus erodes

The Daily Star, August 15, 2014

The current account surplus eroded 35% year-on-year in fiscal 2013-14 despite the narrowing of trade deficit. Last fiscal year, the current account, which reflects the country's net income, stood at **USD 1.55 bn in the surplus in contrast to USD 2.39 bn** the previous year. The trade deficit shrank 2.89% to USD 6.8 bn on the back of a bigger increase in exports than imports: exports rose 12.04% whereas imports grew only 8.92%. The drop in remittance inflow though has been blamed for the slide in current account surplus. Last fiscal year, remittance inflow declined 1.56% year-on-year, according to data from the central bank.

Investment in savings certificates on the rise

Bdnews.24 August 18, 2014

According to the central bank, it is receiving more than a hundred applications everyday for savings certificate renewal on maturity. Fresh investments in the sector are also on the rise. Economists attribute this investor preference for saving certificates to interest rate cuts by banks on deposits and the certificate's zero-risk factor.

Private sector credit growth lags far behind BB target in FY14

New Age, August 21, 2014

The country's **private sector credit growth stood at 12.29% in last fiscal year, much lower than the Bangladesh Bank's target of 16.50%**. As the businesspeople were reluctant to expand their business by taking loans from banks due to political violence in the period. The year-on-year credit growth in the private sector had increased slightly in the FY14 but the rise was at the level required to boost the country's private sector.

Goldman Sachs to talk about Padma bridge funding with Muhith

Dhaka Tribune, August 20, 2014

The much-talked-about Padma bridge construction needs a foreign funding of USD1.8bn, according to the government. A meeting between high officials of US Investment Bank Goldman Sachs and Finance Minister AMA Muhith is due about how the firm can best serve the financial needs of Bangladesh. According to finance ministry sources, the meeting will discuss about **financing of Padma bridge construction through issuing sovereign bonds and other financial options** Goldman Sachs could offer for the Padma bridge and similar infrastructure projects. In November 2013, Bangladesh was included by Goldman Sachs among the next eleven economies identified for having great opportunities for investment in foods and beverages, technology, textiles, leather tanning and real estate.

Bangladesh keen to join BRICS Bank

The Daily Star, August 20, 2014

Bangladesh is willing to join the newly-formed BRICS Bank though the multilateral development bank is yet decide on whether it would include any country outside the five founder nations. Officially called the New Development Bank (NDB), it was formed in July 2013 by the emerging markets of Brazil, Russia, India, China and South Africa as an alternative to the US-dominated World Bank and International Monetary Fund. Each of the five nations will initially contribute USD 10 bn to bring the bank's starting capital to USD 50 bn. Its primary focus of lending, scheduled to start in 2016, will be infrastructure projects.

Interest rate on 2 T-bonds falls significantly

The Financial Express, August 27, 2014

The interest rate on two more Bangladesh Government Treasury Bonds (BGTBs) fell significantly Tuesday, as commercial banks rushed to offer bids in the auctions. A total of 88 bids amounting to BDT 29.06 billion was submitted by the commercial banks on the day against notified amount of only BDT 5.0 billion. The yield, generally known as interest rate on 15-year BGTBs, came down to 11.59% on the day from 11.87% of the previous auction, held on July 22 last while the yield on 20-year BGTBs fell to 11.89% from 12.10%, according to the auction result. Earlier on August 19 last, the yield on 10-year BGTBs came down to 11.33% from 11.59% of the previous auction, held on July 15 last.

Stock Market

Foreign investment in stocks plunges 78% in July

The Daily Star, August 4, 2014

Net foreign investment in Dhaka stocks dropped 78% month-on-month in July. Overseas **investors bought shares worth BDT 166.45 crore and sold shares worth BDT 86.81 crore** to yield a net investment of BDT 79.64 crore in the first month of the current fiscal year, according to data from the Dhaka Stock Exchange. The daily average turnover on the DSE also declined to BDT 288.65 crore in July from BDT 336.30 crore the previous month. Also known as portfolio investment, foreign investment accounts for less than 2% of DSE's total market capitalization, which was BDT 294,271 crore as of August 3, 2014.

Hamid Fabrics gets approval for IPO

ICB will offer one rights share for two

Active Fine Chemicals to raise BDT 120 crore

The Daily Star, August 13, 2014

The Bangladesh Securities and Exchange Commission gave a go-ahead to Hamid Fabrics to raise BDT 105 crore from public. Using the fixed price method, the textile company is set to float 3 crore ordinary shares of BDT 10 each at an offer price of BDT 35, including BDT 25 as premium. The company's five-year weighted average earnings per share, as of June 2013, stood at BDT 2.97 and the net asset value per share BDT 41.14 after revaluation. ICB Capital Management would manage the initial public offering (IPO), the proceedings from which would be used to service

Hamid Fabrics' existing bank loans and fund business expansion. **The ICB will offer one rights share for existing two shares** and will use the proceeds for loan repayment and investment in primary and secondary stock market. The BSEC also gave approval to Active Fine Chemicals to **raise BDT 120 crore capital through issuing 2 crore shares of BDT 10 each at an offer price of BDT 60**, including BDT 50 as premium. In another move, the regulator approved LankaBangla Finance's proposal of issuing a BDT 300 crore non-convertible zero coupon bond through private placement.

CSE plans to launch trading platform for low cap cos

Dhaka Tribune, August 19, 2014

CSE has submitted a set of proposals to the Bangladesh Securities and Exchange Commission (BSEC) for consideration to further strengthen and bring more transparency in the stock market. It plans to launch a separate trading platform for low cap companies and the SME segment to facilitate start-up firms. **The new platform will offer easy access to finance SMEs and offering much relaxed listing requirements** than the country's main exchanges. CSE has proposed a change in the existing market maker regulation to make it realistic and functional for increasing market depth and liquidity in CSE. The proposals included OTC (over the counter market) market reconstruction, and setting up derivative market.

Most listed MNCs see H1 profits up

The Financial Express, August 21, 2014

Most of the listed multinational companies (MNCs) posted growth in profits in the first half of this calendar year on higher sales and lower production costs. Of the 13 listed MNCs that account for 27% of the total market capitalization of Dhaka Stock Exchange (DSE), the profit of Grameenphone (GP), the country's top mobile telephony operator, jumped sharply in the first half of the calendar year (CY) 2014. **During the period, GP's net profit stood at over BDT 10.601 bn. It saw the steepest rise of 108%, compared to other MNCs, from the corresponding period a year ago.** The profit of the British American Tobacco Bangladesh (BATBC) increased 39.20% to BDT 2.872 bn in the first half of 2014 from that in the corresponding period of last year. Reckitt Benckiser that posted a profit of BDT 85.92 mn with 36.03% growth. Lafarge Surma Cement also posted profit grew by 32.04% to BDT 1.402 bn. The Glaxo SmithKline's net profit stood at BDT 410.53 mn in the first half of 2014 against BDT 346.47 mn in the corresponding period of the previous year.

The profit grew by 18.45% to BDT 278.73 mn in profit against BDT 243.37 mn. The increase was 14.53%. Marico Bangladesh's profit rose by 11.84% in the first quarter (April to June-2014). Its first quarter net profit stood at BDT 466.68 mn against BDT 417.24 mn in the same period last year. Its half-yearly earnings report was not yet available. However, the profits of Heidelberg Cement, Singer Bangladesh and Linde BD declined by 5.29%, 7.37% and 14.09% respectively in the first half of 2014 compared to the corresponding period of last year.

Faster IPO subscription project takes off next month

The Daily Star, August 20, 2014

A new simpler and faster IPO subscription method will start under a pilot project next month. The new system will cut down the processing time of an initial public offering (IPO) to three weeks from the current requirement of more than five weeks.

Banks

Term deposit flowing out of banks to government saving tools

The Financial Express, August 7, 2014

A substantial volume of term deposits with schedule banks is being diverted to the government saving schemes mainly because of the continuous decline in rates of interest offered by banks. Such diversion may leave a number of adverse consequences on the economy, economists and senior bankers have expressed the fear. Only in the last fiscal year, **the net sale of national saving scheme stood at over BDT 117 bn against the target of BDT 49.71 bn.** However, according to the revised budget for FY2013-14, the net sale of the same had stood at BDT 80 bn.

Prime Bank loses mobile banking license

The Daily Star, August 7, 2014

The central bank cancelled Prime Bank's mobile banking license due to "gross violations of rules" by the company that Prime had appointed to run the service. The board of directors of Prime Bank also took the issue seriously and decided to launch an investigation to identify the culprits within the bank responsible for the irregularities.

Bank deposits mount despite rate cuts

The Daily Star, August 19, 2014

Bank deposits rose 15.81% year-on-year in fiscal 2013-14 despite the cuts in interests on savings in the past one year. On June 30, the **total deposit in the banking sector stood at BDT 668,358 crore**, with private banks accounting for 63.88% of the sum, according to data from the central bank. The private banks saw their deposits grow 17.56%, the state-owned commercial banks 13.68%, foreign banks 7.18% and the government-run specialized banks 14.81%. But it was Islamic banking that saw its deposits increase the most -- by 23.03%-- between June 30 last year and this year. They still provide 9 to 10% interest rates." The average interest rate on savings stood at 8.01% in May, down 0.60%age points from July last year.

Banks' bad loans up 23pc in Jan-June

New Age, August 23, 2014

Bad loans, in the banking sector increased by 23.47% to BDT 39,413.53 crore in the first six months of this year due to scheduled banks' failure in recovering classified loans amid dull business. According to the latest Bangladesh Bank data, the bad loans increased to BDT 39,413.53 crore as of June 30, 2014 from BDT 31,920.24 crore as of December 31, 2013. The total bad loans in banks were BDT 37,621.63 crore as of June 30, 2013. As of June 30, 2014, the bad loans accounted for 76.76% of the total defaulted loans of BDT 51,344.63 crore in the banking sector. The BB data showed that defaulted loans in the banking sector increased by BDT 10,761.62 crore in the first six months of this year. The huge amount of bad loans would put an adverse impact on the banks' net profits at the end of this year as they (banks) would have to keep 100% provision against the loans. In the banks, **bad loans stood at BDT 16,647.50 crore or 42.23% of such loans in the banking industry.**

BB prepares draft guidelines to implement Basel-III New Age, August 25, 2014

Bangladesh Bank has formulated draft guidelines on risk-based capital adequacy ratio in a bid to implement Basel-III from the next year by raising scheduled banks' capital bases. Under the guidelines, banks will have to raise their capital to 12.50% against their risk-weighted assets by 2019 from the existing 10%. For these reasons, banks will have to maintain capital 10.625% against their risk weighted assets in 2016, 11.25% in 2017, 11.875% in 2018 and 12.50% in 2019. Basel-III was agreed upon by the members of the Basel Committee on Banking Supervision in 2010–11 and a number of developed countries have already started to introduce the guidelines beginning from 2013.

Banks' capital dips by BDT 1,497cr in H1 Newage, August 31, 2014

Scheduled banks' capital decreased by BDT 1,496.96 crore to BDT 63,694.04 crore in the first half of 2014 from that of BDT 65,191 crore as of December 31, 2013. According to the latest Bangladesh Bank data, nine banks failed to keep minimum required capital in the first six months of 2014 due to rising defaulted loans at the banks. The nine banks are Sonali Bank, Rupali Bank, Bangladesh Commerce Bank, ICB Islamic Bank, Premier Bank, National Bank of Pakistan, BASIC Bank, Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank. Due to the capital shortfall in the nine banks, the **overall banking sector faced a capital shortfall of BDT 484.18 crore in the first half of 2014** against the required capital of BDT 64,542.23 crore in the period.

Textile

Envoy Textiles plans to setup 'ETL Spinning Unit' DSE News, August 21, 2014

The company plans to setup 'ETL Spinning Unit', a yarn manufacturing project within the compound of Company's denim factory plant at Jamirdia, Bhaluka, Mymensingh. The proposed unit has annual production capacity of 17,500 Ton. Estimated project cost is USD 30 mn. HSBC Bank Ltd. and BRAC Bank Ltd. have approved/expressed their willingness to finance a total of USD 20 mn under offshore financing arrangement for maximum 5 years tenor. Rest USD 10 mn is planned to be financed from own sources. The major capital machineries to be imported for setting up the project are mainly from Germany, Switzerland and Japan in origin. The project is expected to come in commercial operation by 1st quarter of 2016. The production of yarn will mostly be used for own consumption and may be increased approximately a **yearly profit of BDT 40-45 crore from expected turnover of USD 50mn pa on completion of implementation of the spinning unit.**

Government plans to boost cotton production seven-fold

The Daily Star, August 20, 2014

The government has taken up a BDT 105 crore project to increase production of raw cotton, only 3% of which is now collected from local producers. It plans to produce an additional 7 lakh bales of cotton a year. Bangladesh produces only 1 lakh bales of cotton, which meets only 2-3% of the garment industry's demand. At present, the government has to spend around USD 4.5 bn a year to import cotton. The country will be able to meet 30% of its demand for cotton if the project is implemented to the full, according to the planning ministry proposal.

Power

Nepal keen to sign power trade deal with Bangladesh

The Daily Star, August 7, 2014

Nepal is ready to sign an agreement with Bangladesh to spur power trade between the two countries. Nepal is close to striking a deal with India on power trade, and a similar deal could be signed between Dhaka and Kathmandu. Nepal has 83,000-megawatt hydro-power potential, but the country suffers from a severe power crisis as it is able to generate barely 800MW and imports electricity from India during winter. The country is expected to become power surplus by 2016, and signing of the power trade agreements will allow Nepal to export electricity to India and other countries.

ECNEC okays BDT 360bn Maheshkhali power plant project

Bdnews24.com, August 13, 2014

The government has approved the BDT 360 bn, 1200 megawatt (MW) coal-based power plant at Maheshkhali, Bangladesh's most expensive power project so far. According to the project summary, the Japanese development agency, JICA, will bear BDT 290 bn of the total cost, while the government will contribute BDT 40.92 bn.

LNG import options to be checked for fuel supply

The Financial Express, August 19, 2014

The state-owned North-West Power Generation Company Ltd (NWPGL) will check whether import of re-gasified LNG from India or building LNG import facility and subsequent import of LNG would be feasible for supplying fuel for implementing a 750-800 MW combined cycle power plant project in Khulna. It has already sought appointment of an international consultant to carry out a feasibility study on the import of re-gasified liquefied natural gas (LNG) through cross-border purchase from neighboring India to run the power plant in the longer term.

Pharmaceutical

Dhaka to negotiate with WTO for waiver on patent protection till '25

New Age, August 14, 2014

Dhaka will engage in negotiation with WTO on extending the current waiver up to 2025 from maintaining mandatory patent protection under the intellectual property rights criteria for pharmaceutical products. As the current waiver on the IPR issues will expire on December 31 next year. Commerce ministry has advised Bangladesh's Permanent Representative to the WTO last week to push forward the issue with the multilateral trading organization **for an extension of 10 years from 2016. Presently, Bangladesh, along with 48 other LDCs, enjoys exemption from the provision of IPR until 2015.** In Bangladesh, the pharmaceutical sector is one of the fastest growing sectors. The total size of the pharmaceutical market in Bangladesh is estimated to be worth USD 1.0 bn and is growing at a steady rate.

July pharmaceuticals exports surge by 31%

The Financial Express, August 19, 2014

Country's pharmaceutical industry posted an enviable export growth in the first month of the current financial year as its international-standard and diversified products are increasingly attracting importers from many countries. Export Promotion Bureau (EPB) data showed pharmaceutical sector's **earning at around BDT 542 mn with more than 31% increase** in the first month of the financial year 2014-15. According to the Bangladesh Association of Pharmaceutical Industries (BAPI) there are about 270 companies running in this sector across the country. And the domestic market size is approximately BDT 150 bn.

Telecom

NBR widens telcos' amortization benefit for taxation

New Age, August 24, 2014

The revenue board on Thursday issued the circular in line with the amendment of the Income Tax Ordinance-1984 as part of the budgetary measures for the fiscal year 2014-2015. According to the circular, mobile phone operators will enjoy amortization facility for different fees like spectrum assignment fees, GSM license fees, license acquisition fees or license renewal fees paid to the Bangladesh Telecommunication Regulatory Commission. Under the amortization system, **mobile operators will be able to show the fees as allowable expenditure for tax calculation.** The amortization facility will reduce the tax burden of the operators as it reduces their profit in the statements.

IDB offers USD 44m for second undersea cable

The Daily Star, August 26, 2014

The government yesterday signed a BDT 340 crore (USD 44 mn) loan contract with Islamic Development Bank to install the second submarine cable for the country. The installation may complete by 2016, while Bangladesh entered a consortium in March this year. The new cable -- SEA-ME-WE 5 -- that is likely to connect 15 leading operators in the Asia-Pacific and Europe will increase the country's internet bandwidth by sevenfold from 200 Gbps now. BSCCL has already paid USD 19.2 mn to the consortium from its own fund. Bangladesh will have to spend a total of USD 72.5 mn for the new cable. The rate of interest for the loans will be LIBOR+1.35% and the loans will have to be repaid in 13 years.

Leather

Japan to invest USD 1.78m in Comilla EPZ

Dhaka Tribune, August 13, 2014

Fully Japanese owned JB Networks Company Limited will invest USUSD1.78 mn to establish a leather products plant in Comilla EPZ. A 2350 square meter standard factory building has been allotted by BEPZA to this company in accordance with the reflection of MoU between BEPZA and JETRO. At least 1,078 Bangladeshi nationals will produce annually 1 mn pieces of different types of leather products in this factory. Mentionable products are Leather Strap, Grip, Camera Bags, Camera lens Case, Leather Leash and different type of bags and collar etc.

Apex emerges as shoemaker to the world: Forbes

Newage, August 31, 2014

Apex Footwear, Bangladesh's leading footwear exporter is among the largest shoemakers on the subcontinent. **It is shipping 4.5 million pairs annually to 130 retail customers in 40 countries,** including Macy's and JC Penney in the US, ABC Mart in Japan and Deichmann in Germany. Additionally, it produces 3 million pairs for the domestic market that are sold through a chain of 550 outlets across the country. This story appears in the September 8, 2014 issue of Forbes Asia.

Note: Business Newsflash is a collection of news published in the top daily newspapers like The Daily Star, The Financial Express, The NewAge and Dhaka Tribune. IL Capital is not responsible for any discrepancy in the information provided in the news.

Editorial Panel

Nehal Ahmed FCA	Managing Director, IL Capital	nehal@ifsl.com
Saad Faisal	Chief Operating Officer, IL Capital	saad@il-capital.com
Md. Humayan Kabir, ACA	Vice President & COO, ILSL	humayan@ilsibd.com

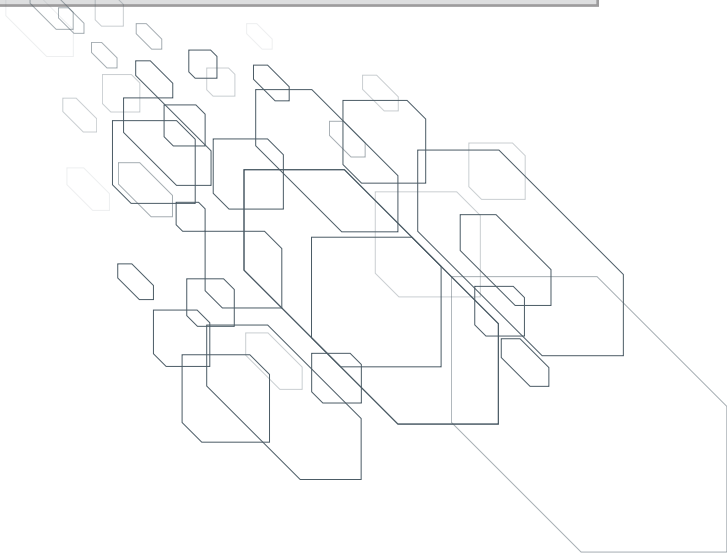
IL Capital Research Team

Nurul Hai	Head of Investment and Corporate Advisory	nurul@il-capital.com
Md. Mustafa Kamal	Assistant Manager	mustafa@il-capital.com
Shama Rahman	Senior Executive	shama@il-capital.com
Shohidul Islam	Senior Executive	shohidul@il-capital.com

ILSL Research Team

Rezwana Nasreen	Head of Research	rezwana@ilsibd.com
Towhidul Islam	Research Analyst	tislam@ilsibd.com
Md. Tanvir Islam	Research Analyst	tanvir@ilsibd.com

Disclaimer: This report is provided for information purposes only. It is not a complete analysis of every material fact respecting any stock or industry. Neither this report, nor any graph presented herein, should be construed as an offer to sell or a solicitation of an offer to acquire any stock or other investments. The company accepts no liability whatsoever for any direct or consequential loss arising from the use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose.





International Leasing Securities Limited started its journey to provide diversified services to a wide range of customers.

International Leasing Securities Limited offers full-fledged high standard brokerage service with margin loan facility. It is also a full service Depository Participant (DP) of Central Depository Bangladesh Ltd. (CDBL). The brokerage service is designed to provide customers with necessary support in the stock market.

ILSL is dedicated to provide high level of professional and personalized services to its domestic and international customers. ILSL services are comprehensive in nature, including brokerage, margin loan, CDBL facilities, and research.

Value for our clients

We have formed a dedicated and professionally qualified research team so that our clients can have proper understanding of market dynamics and take informed investment decision.

To meet the objective we deliver plenty of enriched products and services to our clients. Our research coverage includes but not limited to listed company analysis, sector analysis and economy analysis of Bangladesh.

Currently our research basket has:

- Daily Market Update: Clients can get information on market movement along with clarifications on overall market pulse.
- Equity Note: Provide brief company insights based on fundamental analysis
- Valuation Report: Deliver extended fundamental analysis on particular stock
- IPO Note: Cover information regarding respective upcoming issue
- Performance of mutual fund: Contain information about NAV of all Mutual Funds with comparison of previous week.
- Corporate declaration: Includes information related to listed company (from DSE Website)
- Monthly Publication: Comprises of economic update, market update, overview on any particular sector and snapshot over few stocks under the covered industry and business news
- Macroeconomics Update: Offer review on Monetary Policy Statement (MPS), Budget etc.



We Promise Customized and Efficient Investment Solutions ...



IL Capital Limited and International Leasing Securities Limited are subsidiaries of International Leasing and Financial Services Limited



We Offer:

- Issue Management
- Underwriting
- Private Equity
- Capital Raising
- Loan Syndication
- Merger and Acquisition
- Bonds and Convertibles
- Margin Lending
- Non-Discretionary Investment Management
- Discretionary Investment Management

Contact Address

Printers Building (14th Floor) , 5, Rajuk Avenue Dhaka -1000,
Tel: +88-02-9515573, Fax: +88-02-7117559
www.il-capital.com



We Offer:

- Brokerage Services
- Custodial Services
- Margin Loan Facilities
- Research Services
- Value Added Services
 - ◆ Internet Trading
 - ◆ Real Time Portfolio Viewing
 - ◆ Phone Banking
 - ◆ SMS Services
 - ◆ E-mail

Contact Address

Printers Building (3rd Floor), 5 Rajuk Avenue, Dhaka-1000.
Phone: +88-02-9577305 (Hunting); Fax: +88-02-9577691
www.ilsibd.com