



May 2014

# ILCL-ILSL MONTHLY

## Economy and Market Review



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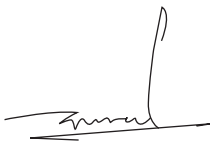
## Editorial

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 **Food & Allied sector of Bangladesh** with a snapshot over few 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

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### May, 2014

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## 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.

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## ECONOMY UPDATE

- Provisional estimate of Bangladesh Bureau of statistics (BBS) indicates Bangladesh's GDP growth came down to 6.03% (1995/96 base) in the fiscal year (FY) 2012-13, the lowest in four years, due to low investment and political uncertainty. Though it was significantly lower than the government's target (7.2%), it was higher than the forecasts of development agencies (ADB 5.7%, WB 5.8% and IMF 6.0%). Even it was higher than the developing country average projected growth of 5% to 5.5%. *However, provisional estimate of GDP growth for FY 2012-13 was 6.18% under the new base 2005/06.*
- In the FY 2012-13, the agriculture sector growth declined to 2.17% from 3.11% in FY 2011-12. Service sector growth declined to 5.73% from 5.96%. However, overall industry growth increased to 8.99% from 8.90%.
- Lately, Government has revised down the GDP growth target for the current FY 2013-14 to 6.3% from its initial target of 7.2%. Bangladesh Bank (the Central Bank of Bangladesh) also forecasts growth rate for the FY 2013-14 around 6.2%. On the other hand, Bangladesh Bureau of Statistics (BBS) estimates that the growth in FY 2013-14 will be 6.12%. International donor agencies forecast lower growth rate for FY 2013-14 (ADB 5.6%, World Bank 5.7%, and IMF 5.5%).
- Point to Point Inflation rate decreased slightly to 7.46% in April 2014 from 7.48% in March 2014. Food Inflation decreased to 8.95% in April 2014 from 8.96% in March 2014. Non-food Inflation decreased to 5.23% in April 2014 from 5.26% in March 2014 (using the 2005/06 base).
- 12 month average inflation for the FY 2012-13 declined to 7.7% from 8.6% in FY 2011-12. This figure was higher than the target of 7.5% set for that year. Besides, Bangladesh Bank has set lower inflation target of 7.0% for the current FY 2013-14 (using the 1995/96 base).
- In FY 2012-2013, Broad money growth has been higher than the target set at monetary policy because of high growth of net foreign assets in the form of remittances and aid. However, in March 2014, Broad Money Supply Year on Year (YOY) growth decreased to 15.3% from 18.1% in FY 2012-13.
- The private sector credit growth continues to fall in the recent months due to political uncertainty. It was at 11.5% YOY in March 2014 which was significantly lower than the monetary policy target of 15.5% set for Dec 2013. Lately Bangladesh Bank has set private sector credit growth rate of 16.5% for June 2014.
- The Government's net borrowing from the banking system increased by 15.5% to BDT 247.8 billion in FY 2012-13 from BDT 214.6 billion in FY 2011-12. The borrowing exceeded the initial target of BDT 230 billion though it was lower than revised target of BDT 285 billion.
- Government projected BDT 260 billion net borrowing from the Banking system for the current FY 2013-14. In the first half of the year, Government borrowed only BDT 46 billion.
- Overall liquidity condition improved as call money interest rate remained unchanged to 7.4% in April 2014 from April 2013. In addition, weighted average bank lending rate declined to 13.4% in March 2014 from 13.7% in March 2013. Also, weighted average bank deposit rate declined to 8.2% in March 2014 from 8.7% in March 2013.
- Bank interest spread was 5.2% in March 2014 whereas it was 5.51% in 2012.
- Foreign Exchange Reserve increased to USD 20.4 billion in April 2014 from USD 14.8 billion in April 2013. Taka has been stable against US Dollar trading at BDT 77.6 in 9 months in a row from July 2013 to April 2014.

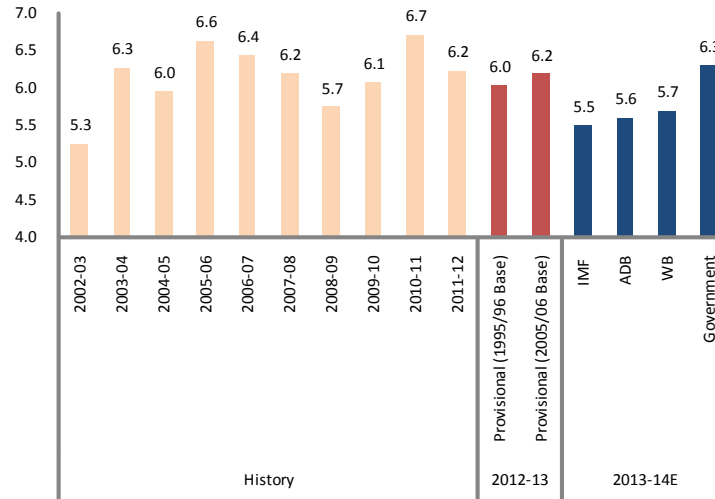
- Remittance earning for the FY 2012-13 grew by 13.3% to USD 14.5 billion from USD 12.8 billion in 2011-12. Monthly remittance stands to USD 1.23 billion in April 2014, recorded a 3.4% YOY increase over April 2013, but 4.5% decrease over the previous month March 2014.
  - Export target for the FY 2013-2014 has been set at USD 30.5 billion, 12.8% higher than last FY 2012-2013. In the FY 2012-2013, Bangladesh export increased to USD 27.0 billion from 24.3 billion in 2011-2012, reflecting 11.2% growth.
  - Monthly exports increased to USD 2.41 billion in April 2014 from USD 2.07 billion in April 2013, reflecting 16.4% YOY growth. It was also 0.08% lower than the previous month i.e. March 2014 (USD 2.41 billion).
  - Monthly imports increased to USD 3.66 billion in March 2014 from USD 2.63 billion in March 2013, reflecting 39.2% YOY growth. However, it was 21.2% higher than the previous month i.e., February 2014 (USD 3.02 billion).
  - The country's Balance of Payments (BoP) saw a record surplus of USD 5.1bn in FY 2012 -13 Vs only USD 494.0mn surplus in FY 2011-12. The reasoning behind such soar in surplus can be explained due to the moderate increase in exports (11.2%) and comparatively marginal increase in imports (0.8%), which decreased the trade deficit by 24.8%.
  - The lower oil prices could explain the decrease in imports. The import of capital machinery and industrial raw materials fell by 15.9% and 2.5% respectively in FY 2012-13 over FY 2011-12.
- Besides, every year the country has to spend a big chunk of foreign currency on fuel imports that dropped by around 2%. Food imports fell, as well, by 28.0% due to a good production at home.
- Current account surplus increased to USD 2.52 billion in FY 2012-13 Vs USD 447 million current account deficits in FY 2011-12.
  - BoP surplus eroded by 4% to USD 2.62 billion in the 1<sup>st</sup> half of FY 2013-14 (July to December), on the back of sliding remittance. However, current account surplus increased by 124% to USD 2.65bn in the 1<sup>st</sup> half of FY 2013-14 (July to December) compared to same period of last FY 2012-13 despite 8.5% fall of remittance. Major causes of the jump were 16.6% increase in export and 0.1% fall in imports during the period.
  - Besides, Trade deficit declined by 58% to USD 1.53bn in the 1<sup>st</sup> half of FY 2013-14 (July to December) compared to same period of last FY 2012-13.
  - Net Foreign Direct Investment (FDI) increased by 9.2% to USD 1.3bn in FY 2012-13 from USD 1.19bn in FY 2011-12. Net Portfolio Investment increased by 19.6% to USD 287mn in FY 2012-13 from USD 240mn in FY 2011-12. In addition, Foreign Aid increased by 37% in FY 2012-13 over FY 2011-12.
  - Foreign investment in the capital market witnessed a 145% increase in 2013. In 2013, foreign investors bought shares worth BDT 26.5bn and sold shares worth BDT 7.1bn, to take their net investment for the year to BDT 19.4bn.

GDP growth at Constant Market Prices by Broad Industry Sector (%)							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14(P) CPD
Agriculture	3.2	4.1	5.2	5.1	3.1	2.5	3.4
Industry	6.8	6.5	6.5	8.2	8.9	9.6	8.4
a) Manufacturing	7.2	6.7	6.5	9.5	9.4	9.3	-
of which small scale	7.1	6.9	7.8	5.8	6.5	6.8	-
b) Construction	5.7	5.7	6.0	6.5	7.6	8.1	-
Services	6.5	6.3	6.5	6.2	6.0	5.5	5.8
GDP at constant market prices	6.2	5.7	6.1	6.7	6.2	6.0	6.1

Source: Bangladesh Bureau of Statistics and IL Capital

**GDP:**

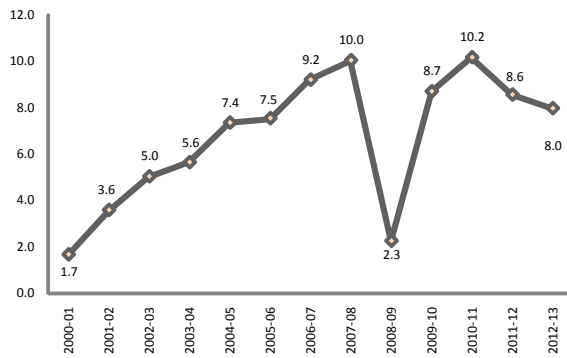
**GDP Growth Rate (%)**



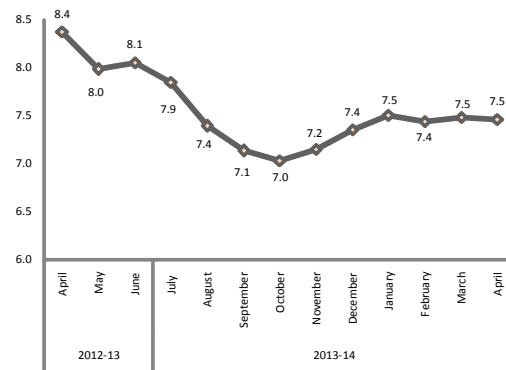
Source: Bangladesh Bureau of Statistics, IMF, ADB, WB and IL Capital Research.

**Inflation:**

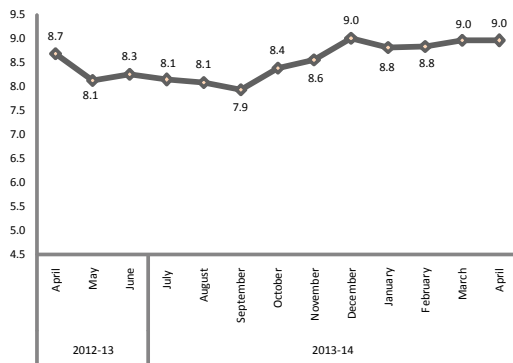
**Annual Inflation (%) Base 1995-96**



**Monthly Inflation Rate (%) Base 2005-06**



**Monthly Food Inflation (%) Base 2005-06**



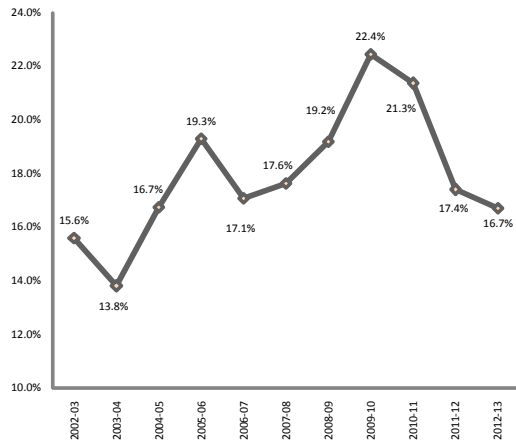
**Monthly Non-Food Inflation (%) Base 2005-06**



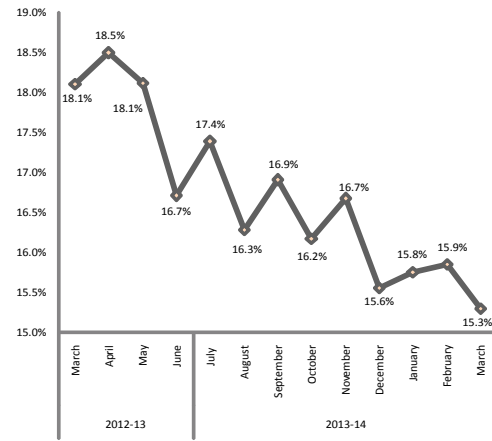
Source: Bangladesh Bank and IL Capital Research.

## Money Supply:

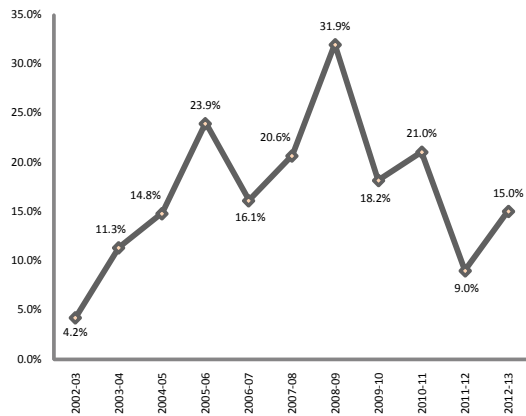
Annual Broad Money Supply (M2) Growth Rate (%)



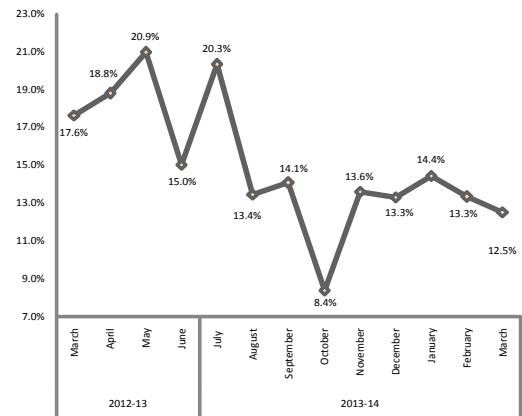
Monthly Broad Money Supply (M2) Growth yoy %



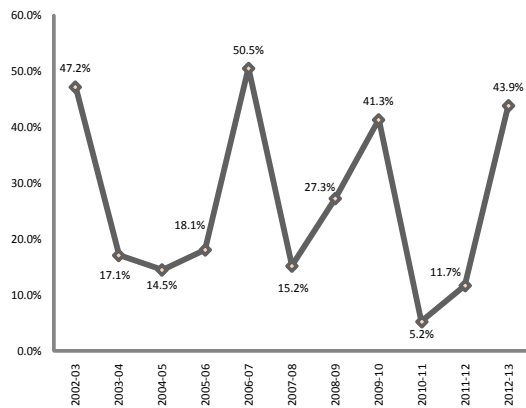
Annual Reserve Money Growth Rate (%)



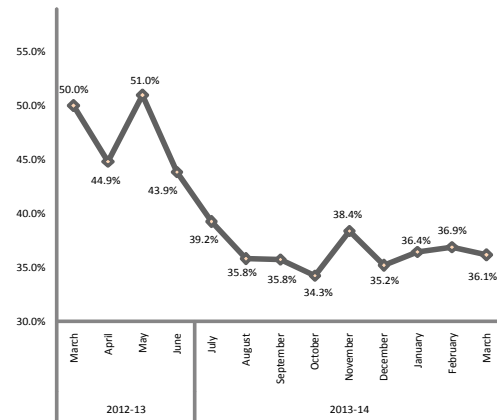
Reserve Money Growth yoy %



Annual Net Foreign Assets Growth Rate (%)



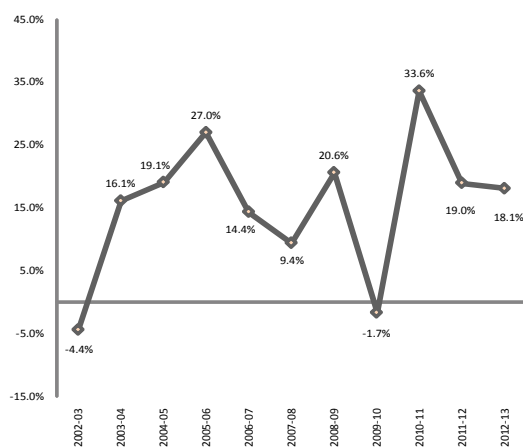
Net Foreign Asset Growth yoy %



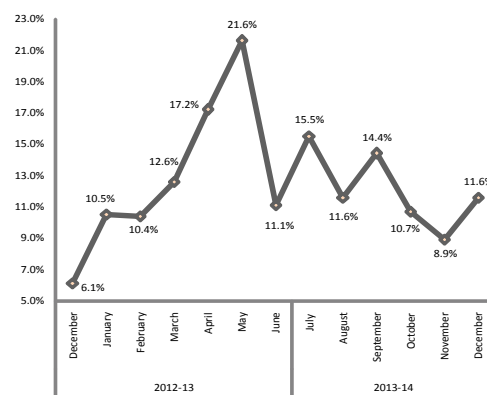
Source: Bangladesh Bank and IL Capital Research.

Money Supply (Continued):

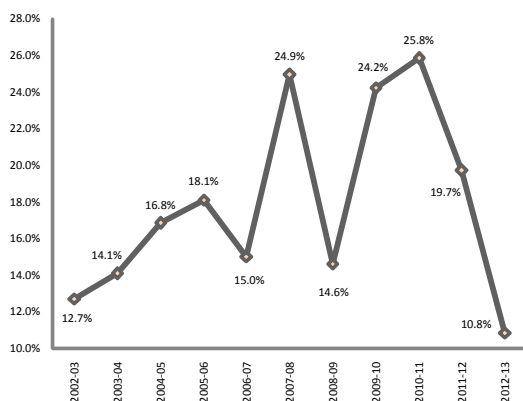
Annual Public Sector Credit Growth Rate (%)



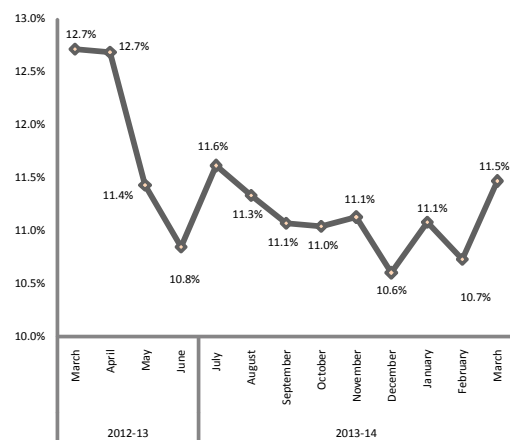
Public Sector Credit Growth yoy %



Annual Private Sector Credit Growth Rate (%)



Private Sector Credit Growth yoy %



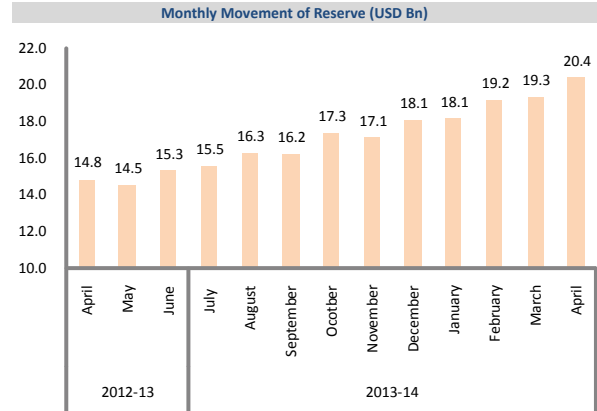
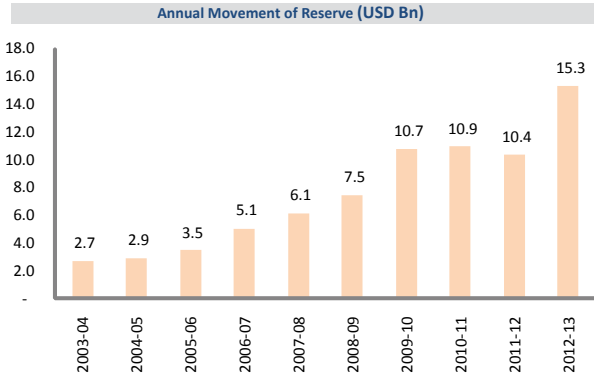
Monetary Aggregates Y-o-Y Growth (%)

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 (incl. 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

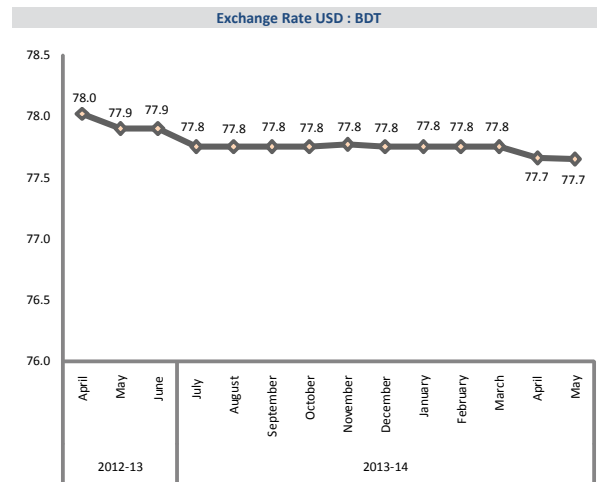
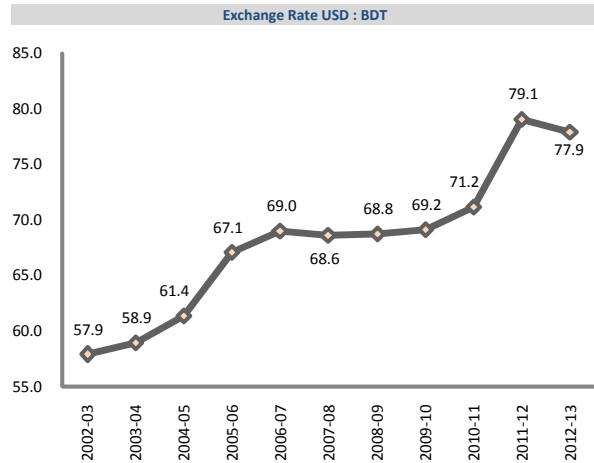
Source: Bangladesh Bank and IL Capital Research.



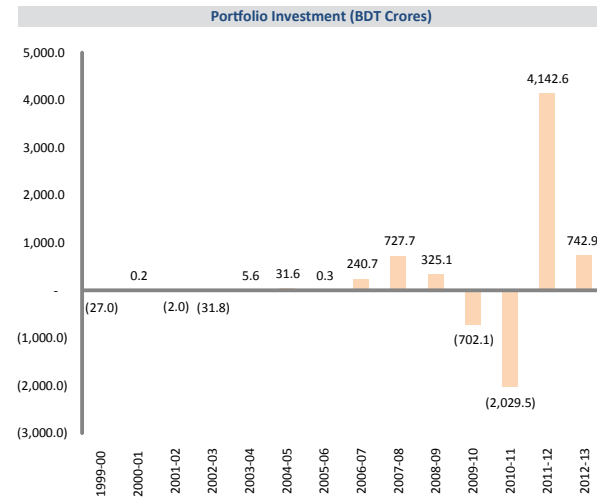
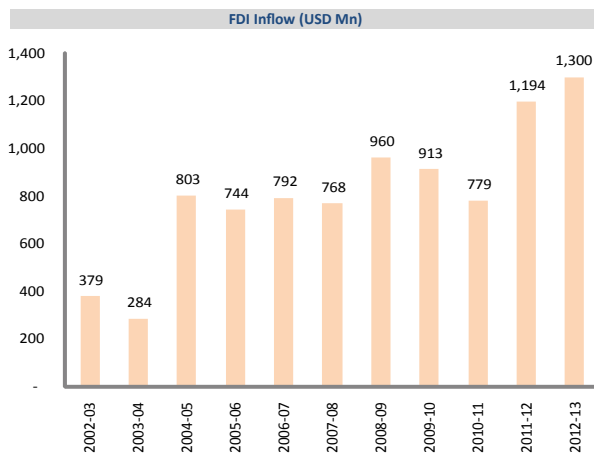
**Reserve:**



**Exchange Rate:**

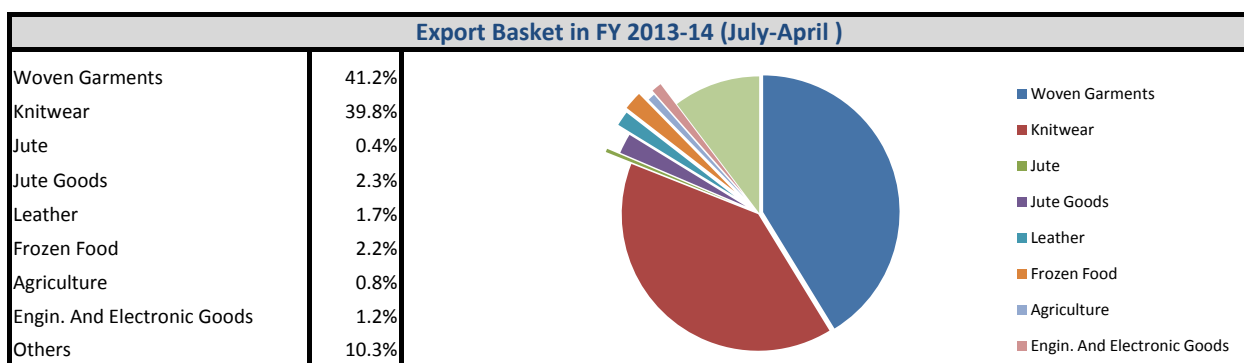
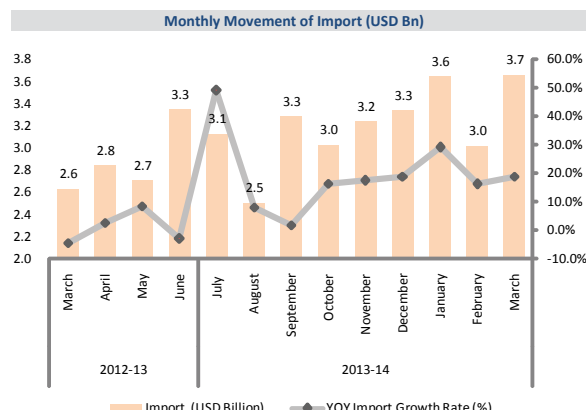
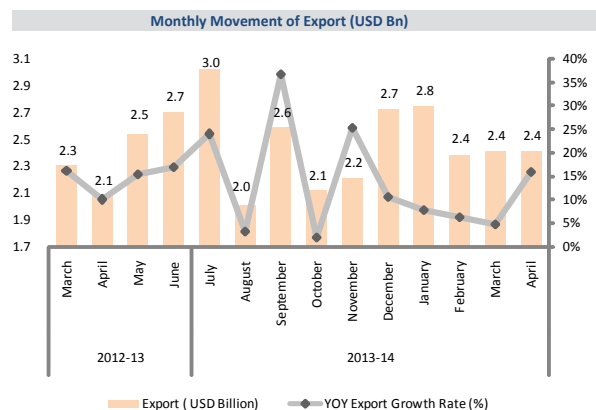
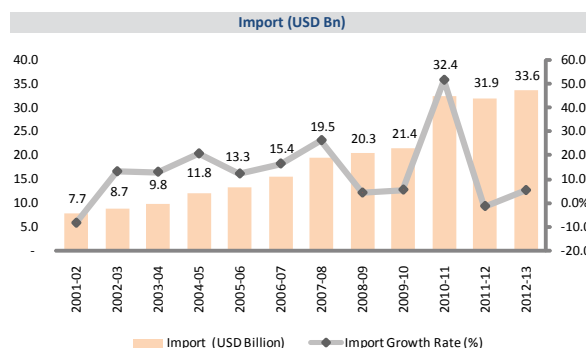
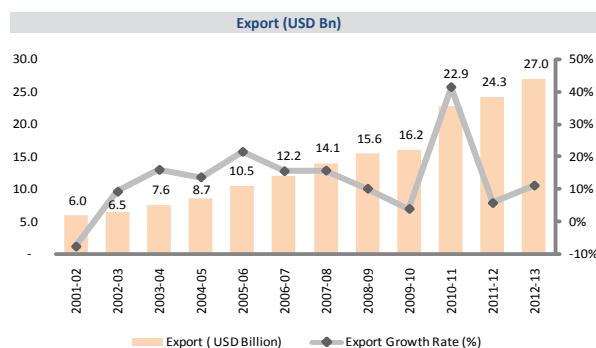
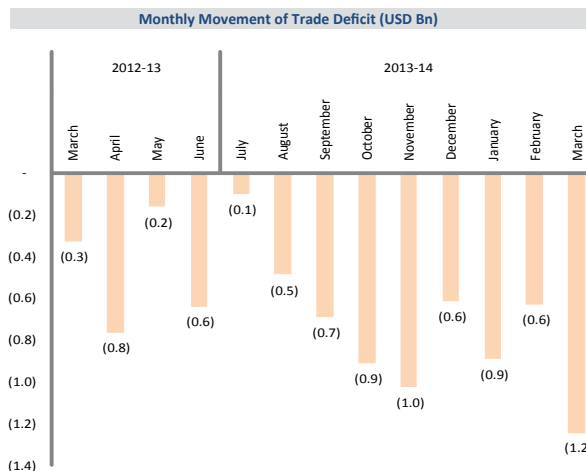
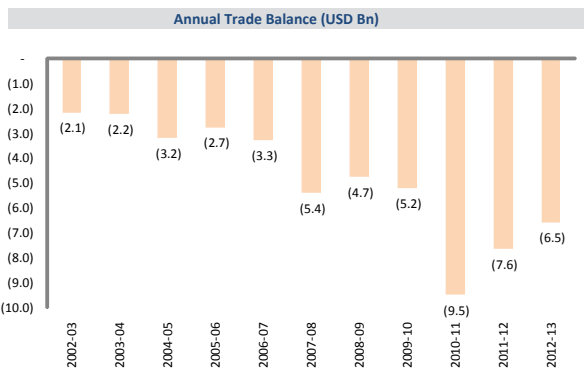


**FDI Inflow and Portfolio Investment:**



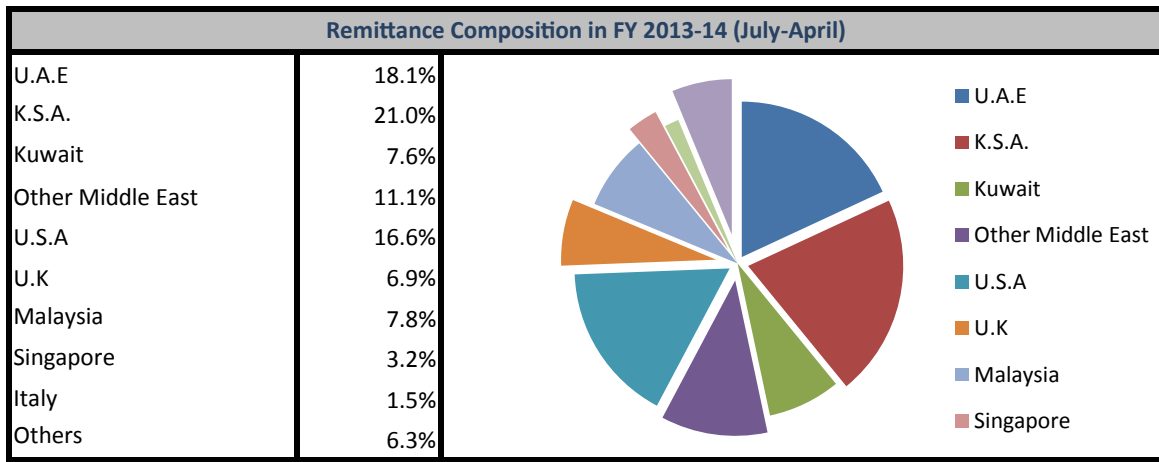
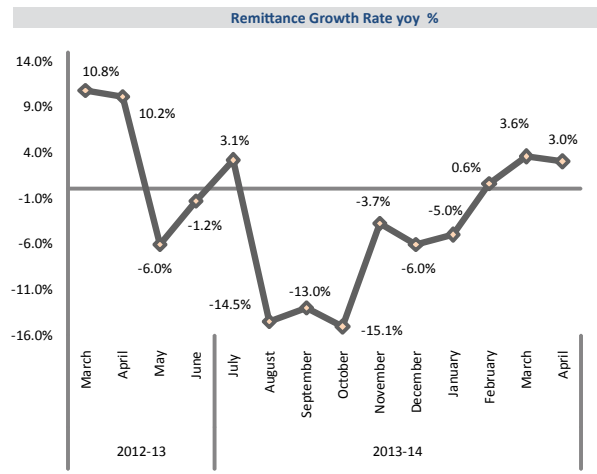
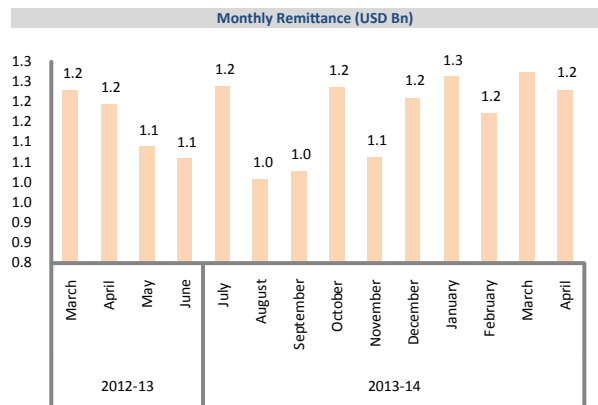
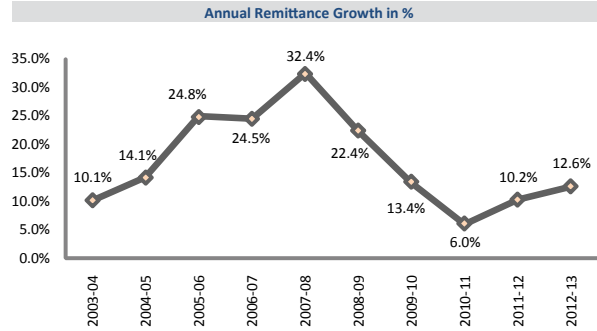
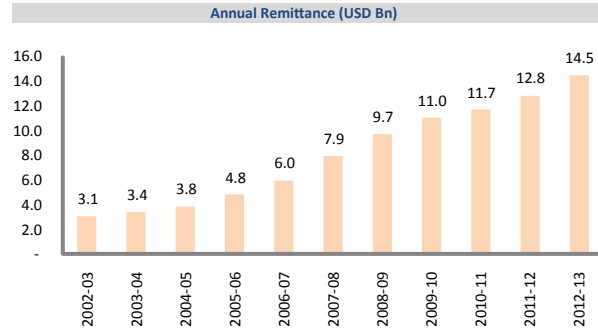
Source: Bangladesh Bank and IL Capital Research.

### International Trade:



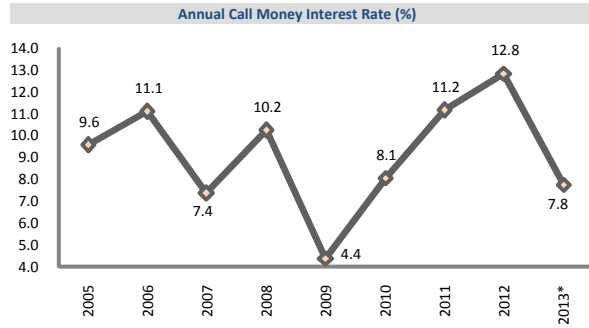
Source: Bangladesh Bank and IL Capital Research.

**Remittance:**

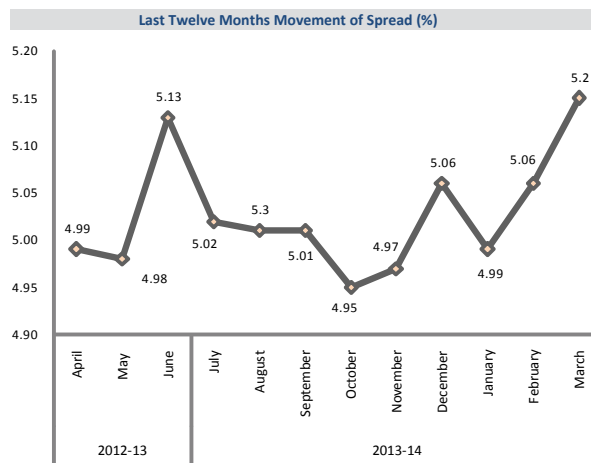
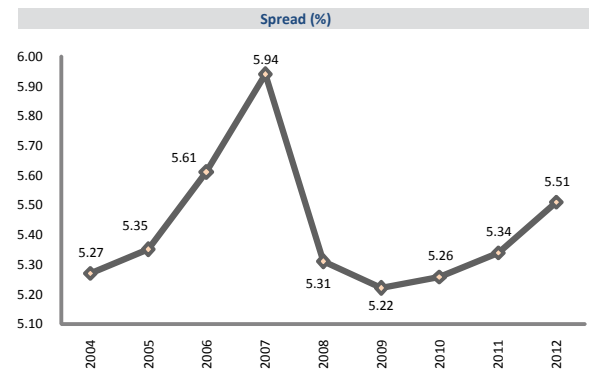
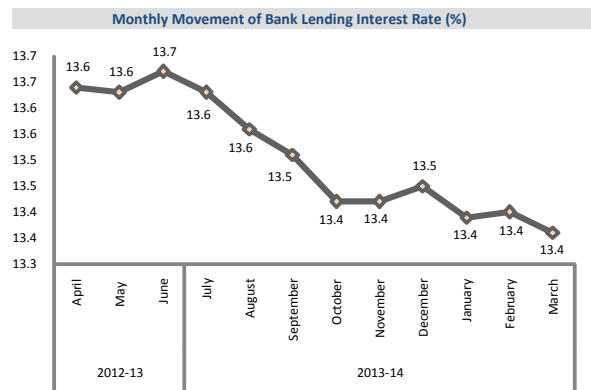
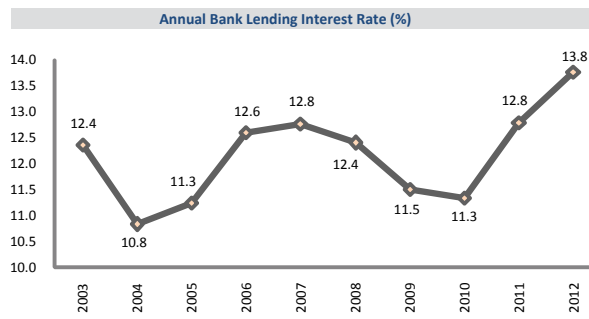
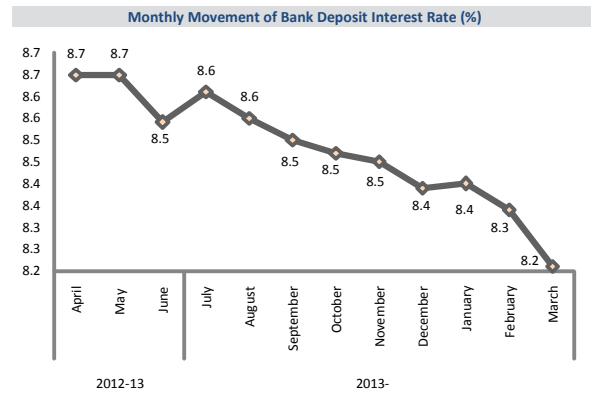
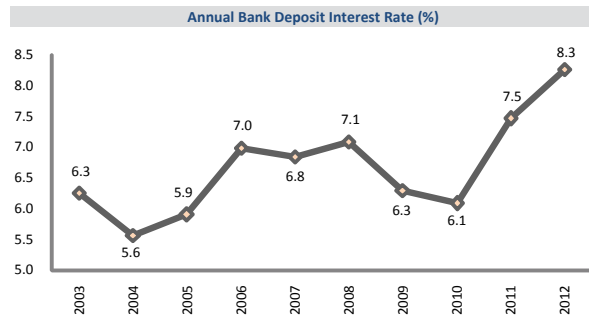
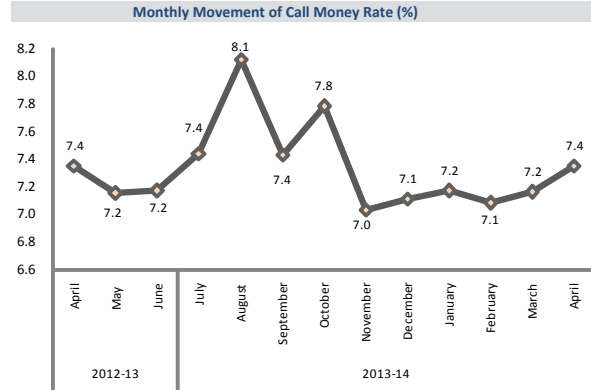


Source: Bangladesh Bank and IL Capital Research.

**Interest Rate:**



\* Data Up to March 2014

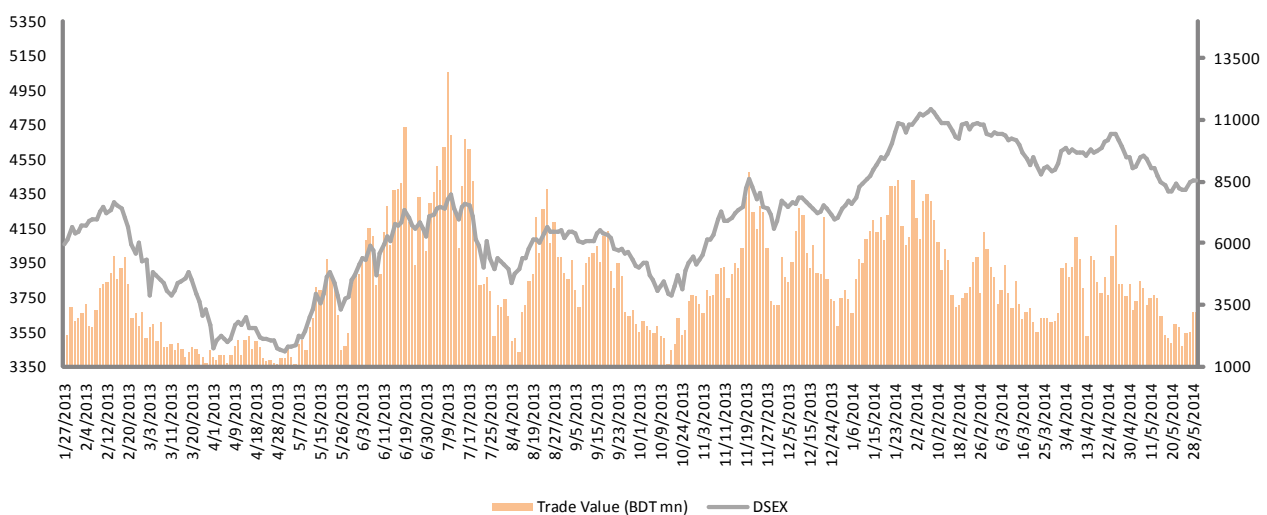


Source: Bangladesh Bank and IL Capital Research.

**MARKET UPDATE**

- The benchmark index of Dhaka Stock Exchange (DSEX) gained 3.6% as of May 29, 2014 this year.
- During the month of May 2014, Market (DSEX) closed down by 3.0%, mainly driven by the down trend in share prices of Tannery, Life Insurance, Pharmaceuticals and NBFIs companies.
- The major sectors who gained during the month of May 2014 were Cements (6.1%), Engineering (1.8%), Corporate Bonds & Debentures (1.7%) and General Insurance (1.4%).
- On the other hand, the major loser sectors were Tannery & Footwear (-14.0%), Life Insurance (-6.3%), Pharmaceuticals (-5.8%) and NBFIs (-5.5%) in May 2014.
- Among the companies traded in the Dhaka Stock Exchange (DSE), Rahima Food (43.9%), Ambee Pharma (34.5%), Salvo Chemical (23.9%), ACI (19.6%) and Al-Haj Textile (19.2%) were the top gainers in May 2014.
- On the other hand, major loser companies were Information services Network (-29.2%), MBL 1st Mutual Fund (-24.1%) and Apexfoot (-23.7%) in May 2014.
- During the month of May 2014 the average daily turnover of Dhaka Stock Exchange was down by 35.4% to BDT 2.85bn from BDT 4.41bn in April 2014. Average daily turnover of Real Estate & Services and Pharmaceuticals sector increased by 23.1% and 6.2% respectively in May 2014. However, average daily turnover of Fuel & Power, Cements, Telecommunication and Life Insurance sector declined by 59.1%, 49.0%, 47.5% and 40.2% respectively in that period.
- There are sectors who have outperformed the DSEX namely Cements by 51.6%, Foods by 29.3%, Tannery & Footwear by 27.2% and Pharma & Chemical by 26.7% as of May 29, 2014 this year. On the other hand, Travel & Leisure, IT, Textiles, Insurance and Banks have underperformed the DSEX as of May 29, 2014 this year by 42.5%, 20.7%, 18.6%, 11.7% and 10.6% respectively.
- Market capitalization of DSE decreased by 2.4% to BDT 2.88 trillion (USD 36.99 billion) in May 2014 from BDT 2.95 trillion (USD 37.91 billion) in April 2014. Equity, Debt and Mutual Funds contribution to Market capitalization were 79.5%, 19.3% and 1.2% respectively in May 2014.

**DSEX and Turnover movement in DSE**

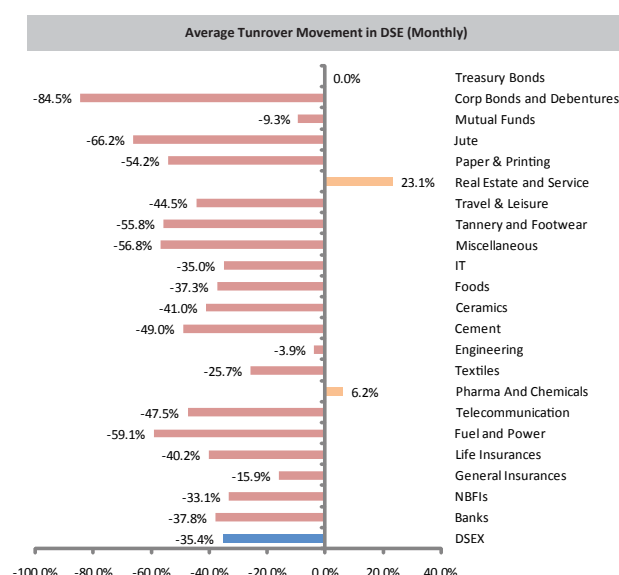
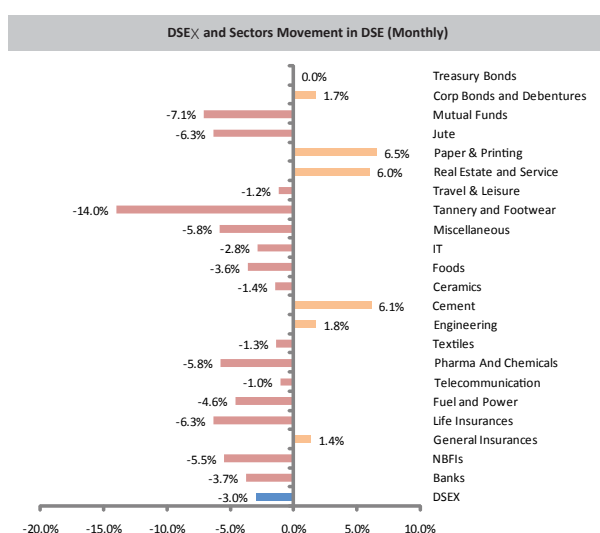


Sources: DSE and IL Capital Research

Market Capitalization of DSE							
Instruments	29-May-14			30-Apr-14			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,286,951.7	29,414.2	79.5%	2,355,484.8	30,295.6	79.9%	-2.9%
Debt Securities	554,869.8	7,136.6	19.3%	554,747.1	7,135.0	18.8%	0.0%
Mutual Fund	34,631.4	445.4	1.2%	37,269.8	479.4	1.3%	-7.1%
Total	2,876,452.8	36,996.2	100.0%	2,947,501.7	37,910.0	100.0%	-2.4%

Note: Exchange Rate USD 1 : BDT 77.75

Source: DSE and IL Capital Research



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

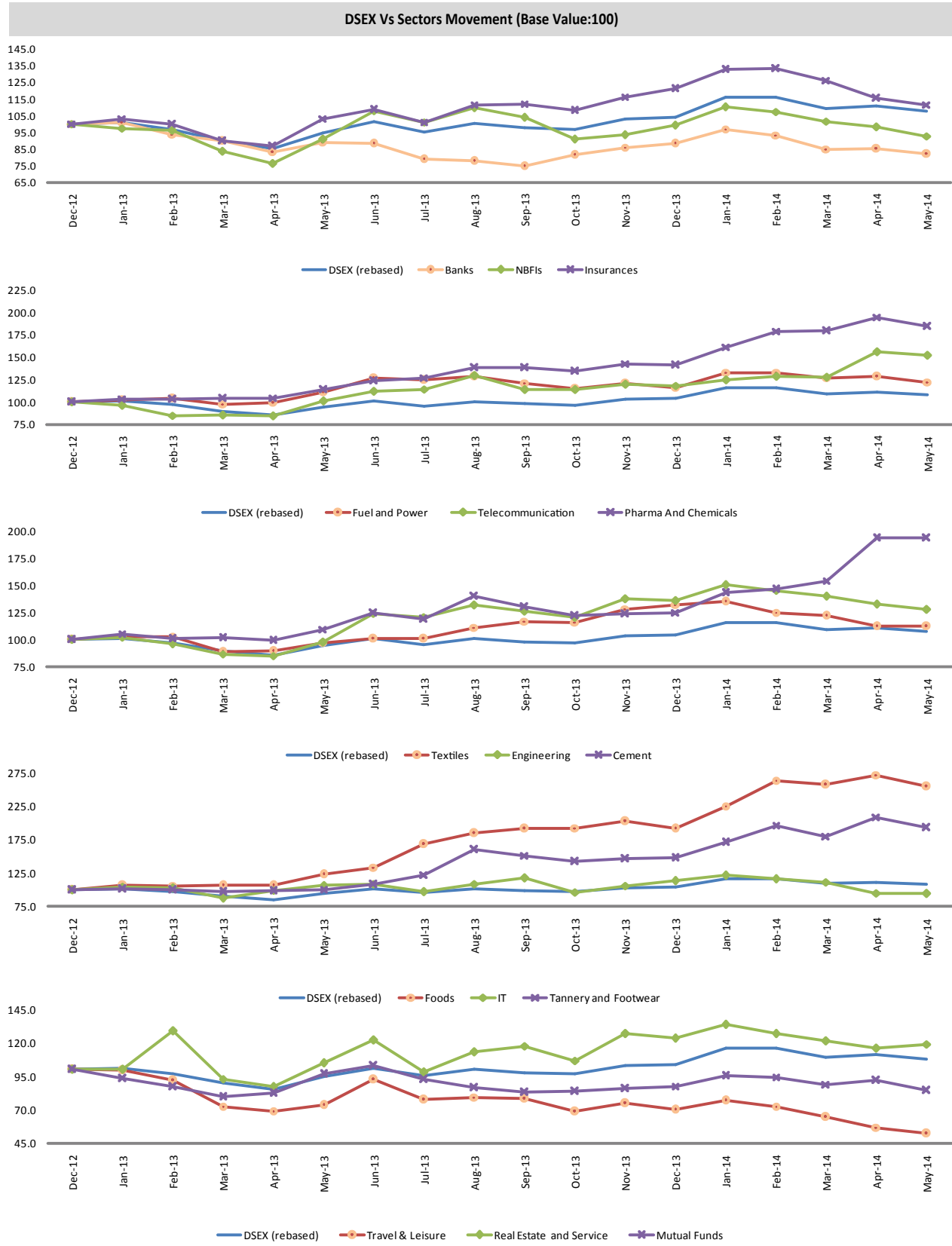
Note: Average Turnover excludes Block and Oddlot Market transaction

Source: DSE and IL Capital Research

Top Gainers This Month	
RAHIMAFOD	43.9%
AMBEEPHA	34.5%
SALVOCHEM	23.9%
ACI	19.6%
AL-HAJTEX	19.2%
LEGACYFOOT	17.8%
LAFSURCEML	16.0%
BDTHAI	13.9%
FASFIN	13.6%
ENVOYTEX	12.9%

Top Losers This Month	
ISNLTD	-29.2%
MBL1STMF	-24.1%
APEXFOOT	-23.7%
RECKITTBEN	-20.9%
LINDEBD	-20.1%
RUPALILIFE	-18.1%
NORTHERN	-17.2%
LANKABAFIN	-17.1%
FBFIF	-16.5%
SINGERBD	-16.2%

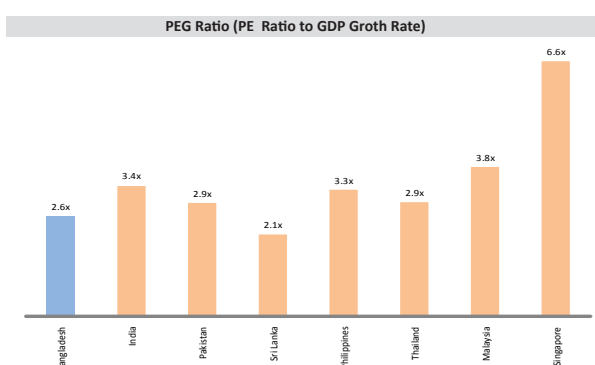
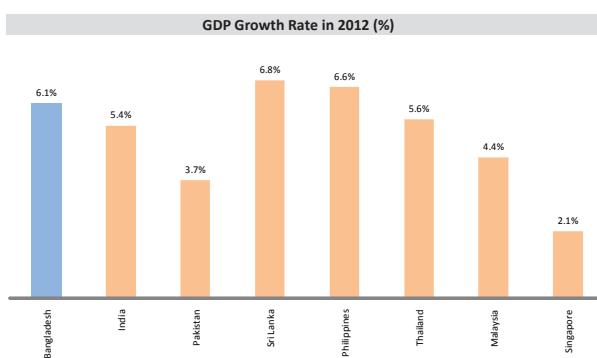
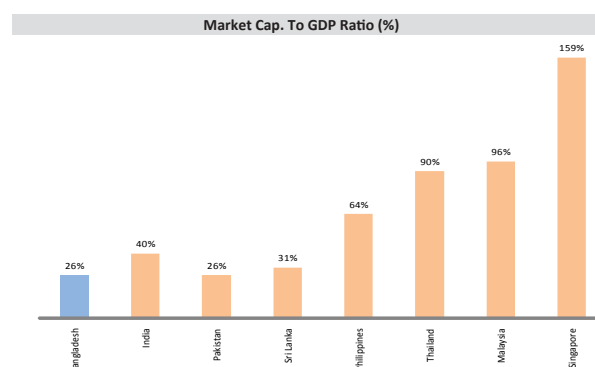
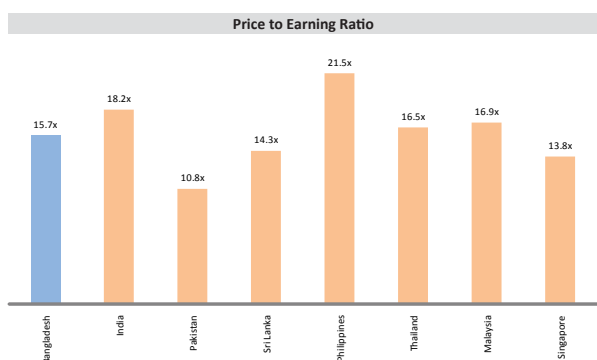
Source: DSE and IL Capital Research



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





PEG ratio = PE ratio of the major stock exchange of the country /GDP Growth of the country in 2012. We assume that listed companies' aggregate earnings growth is reflected in GDP growth rate of the country.

Source: [www.bloomberg.com](http://www.bloomberg.com), [www.imf.org](http://www.imf.org), [wikipedia.com](http://wikipedia.com), DSE and IL Capital Research.

- As on May 2014, Bangladesh (DSE) is trading at 15.7x P/E, lower than that of Malaysia (16.9x), India (18.2x) and Philippines (21.5x). In other words, DSE seems cheaper compared to stock markets of Malaysia, India and Philippines. However, Bangladesh (DSE) is trading higher than that of Singapore (13.8x) and Sri Lanka (14.3x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on May 2014 is 2.6x which is lower than that of India (3.4x), Philippine (3.3x), Malaysia (3.8x) and Singapore (6.6x). In other words, DSE is trading at cheaper than that of aforesaid Stock Exchanges.

**Regional Markets' Comparables**

Country	Index Symbol	Index Point	52-Week High	52-Week Low	52-Week Return	PE Ratio	PEG Ratio	M. Cap (USD bn)
Bangladesh	DSEX	4,430.5	4,845.1	3,763.9	14.2%	15.7x	2.6x	37.1
India	SENSEX	24,475.0	25,375.0	17,448.0	23.6%	18.2x	3.4x	695.0
Pakistan	KSE100	28,987.0	29,672.0	20,854.0	42.8%	10.8x	2.9x	62.3
Sri Lanka	CSEALL	6,270.0	6,575.0	5,604.0	-0.1%	14.3x	2.1x	20.1
Philippines	PCOMP	6,716.0	7,228.0	5,562.0	-4.9%	21.5x	3.3x	172.9
Thailand	SET	1,411.0	1,624.0	1,205.0	-8.8%	16.5x	2.9x	381.9
Malaysia	FBMKLCI	1,877.0	1,889.0	1,660.0	8.4%	16.9x	3.8x	324.9
Singapore	FSSTI	3,302.0	3,416.0	2,953.0	1.1%	13.8x	6.6x	429.5

Source: [www.bloomberg.com](http://www.bloomberg.com), [www.imf.org](http://www.imf.org), [wikipedia.com](http://wikipedia.com), DSE and IL Capital Research.



## Food & Allied Sector of Bangladesh

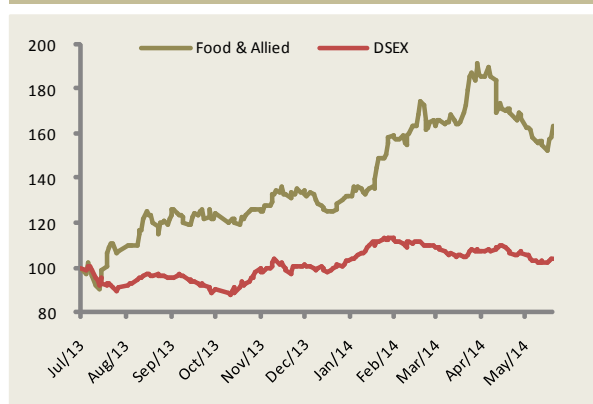
The demand for food products in Bangladesh exhibited positive signs because of the Country's large population base and a rapidly growing consumer market. Over the last one decade, food industry (tobacco excluded) achieved substantial growth. Several companies entered into the industry during this time with their wide product range capturing the untapped local market potential and at the same time, penetrating in to the foreign markets.

In the Country's prime bourse – DSE, several companies, with diversified product lines, are listed under the Food & Allied sector. However, in this report two broad segregations were made as food industry and tobacco industry. The Companies in food industry are categorized in different sub-sectors i.e., packaged foods, processed foods, edible oil and others. Some fundamental factors of this sector are presented below:

Food & Allied Sector in DSE*	
Market Capitalization of Sector (BDT bn)	187.8
Market weight of Sector (based on Market Cap)	7.90%
3-month Average Turnover (BDT mn)	316
3-month Return	-5.50%
Sector Trailing P/E	37.4
Sector Forward P/E	29.6
Sector P/B	10
Sector ROE	33.70%
No of Listed Stocks	18

Source: DSE, ILSL Research, \* as on May 29, 2014

Movement of DSEX and Food & Allied Sector M. Cap (Rebased)



Source: DSE Website, ILSL Research

Stocks listed in DSE		
Broad Category	Name of the Company	Major Products
Packaged Foods	AMCL (PRAN)	Fruit Juice, Soft Drinks etc.
	Bangas	Biscuit
	Fu Wang Foods Ltd.	Confectionery items
	Golden Harvest Agro Industries Ltd.	Frozen & dry foods, jam-jelly, sauce etc.
	Olympic Industries Ltd.	Biscuit
	Rangpur Dairy & Food Products Ltd.	UHT, pasteurized and flavored milk, ghee, butter etc.
	Meghna Condensed Milk	Sweetened & Non-sweetened Condensed Milk
Processed Foods	Apex Foods	Shrimp Processing
	Beach Hatchery Ltd.	Hatchery
	Fine Foods Limited	Fish project
	Gemini Sea Food	Seafood products
Edible Oil	Emerald Oil Industries Ltd.	Edible oil
	Rahima Food Ltd.	Edible oil and vegetable ghee
Tobacco	BATBC	Cigarette
Others	National Tea Ltd.	Tea and rubber.
	Meghna Pet Industries	Mineral water and PET bottle.
	Shyampur Sugar Mills Ltd.	sugar and by products
	Zeal Bangla Sugar Mills Ltd.	sugar and by products

Source: DSE Website, ILSL Research

### Food Industry

#### Packaged Foods

Confectionery items (i.e., biscuit, dry foods etc.), Juice, milk products and soft drinks are considered as packaged foods. In recent times packaged foods got the consumers' attention due to significant improvement in the socio-economic condition of the Country.

According to the Bangladesh Agro-Processors' Association (BAPA), there are nearly 450 agro processors who produce more than 100 categories of products. Bangladesh also exports agro-processed products to around 94 countries, major export markets being the EU Countries, Middle East, South East, Africa and USA. BAPA also estimates the annual turnover of the sector is more than BDT 300 billion

where over 0.5 million people earn their livelihood.

Major Exported Products are Juice, Drinks, Puffed Rice, Snacks, Spices, Chanachur, Biscuits, Mustard Oil, Pickle, Frozen Vegetable, Semai, Potato Crackers, Nuts, Jam-jelly, Candy, Meat, Mango Bar, Molasses and Flattened Rice. According to BAPA's record, in 2011-12 the export was USD 86.91 mn which was USD 59.15 mn in 2010-11 stating around 47% growth.

The Bangladesh Government has recognized this industry as the 'Thrust Sector' and provided some fiscal supports. The Government also took initiatives to provide 'halal' certificates to the business entities those who want to enter the global halal market. According to the World Halal Forum (WHF) based in Malaysia, the global halal market is estimated to be worth more than US\$2.3 trillion.

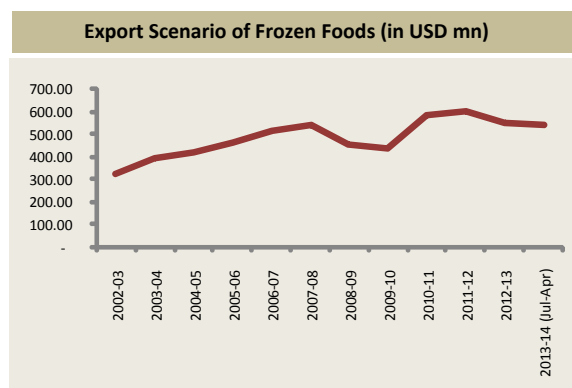
In 2013, the Bangladesh Bank provided BDT 197 crore in loans from the agro-based refinance scheme which was only BDT 65 crore in 2012. Up to March 2014, BDT 403 crore loans have been disbursed from the scheme, of which BDT 229 crore were outstanding as of December 2013 (source: newspaper report March 2014).

**Processed Foods**

Basically frozen shrimp, fish and seafood items are included into processed foods segment. According to the Export Promotion Bureau, frozen food is the third largest exporting sector of the country after textile and jute. Up to April 2013-14 fiscal, this sector contributed 2.17% of total export earnings (Source: Statement of monthly export July-April-2013-2014, Export Promotion Bureau).

According to the Bangladesh Frozen Foods Exporters Association (BFFEA), there are some 148 shore based export oriented fish processing plants at Dhaka, Chittagong, Khulna, Jessore, Satkhira, Bagerhat, Cox's Bazar, Chandpur, Kishoregonj, Sylhet and Patuakhali of which 74 plants are approved by the European Union (EU).

During the last ten years, Bangladesh has earned international credibility by responding to the food-safety and quality requirements of its destinations, mostly, the United States and the European Union countries.



Source: Bangladesh Frozen Foods Exporters Association, Export Promotion Bureau

The government has set a target of exporting USD 578.77 mn worth of frozen foods this fiscal (Source: newspaper report April 2014). In July-April 2013-14, export earnings from frozen food stood at USD 534.98 mn which was 23.31% higher than that of July-April 2012-13 (Source: Statement of monthly export July-April-2013-2014, Export Promotion Bureau).

Shrimp is a major subsector of this industry consisting more than 80% of the sector's revenue. In July-April 2013-14, export revenue from shrimp export was USD 456.94 mn which portrayed 27.53% growth compared to that of July-April 2012-13 (Source: Statement of monthly export July-April-2013-2014, Export Promotion Bureau).

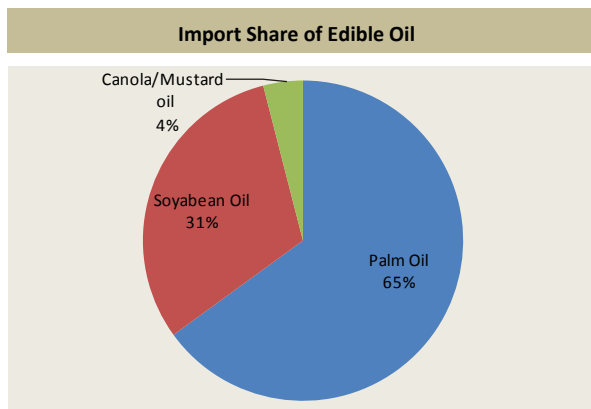
The Government took several measures to support this sector. In 2013-14 FY, Ministry of Finance (MoF) has decided to increase cash incentive to 10% from 7.5% for the sector except hilsha and white fish. Meanwhile, the National Board of Revenue (NBR) will reduce tax at source on export from the existing 0.80% to 0.60% up to June, 2015.

## Edible Oil

According to Oil World, the world's most reliable information source about oils and fats, Bangladesh is considered as one of the fastest growing oils and fats market in the recent years due to population and economic growth. The Country produces only 10% of its required oils and fats and hence has to import the rest 90%. Malaysian Palm Oil Council (MPOC) estimated that Bangladesh requires 18 lakh tonnes of oil and fat a year to meet its domestic demand, but produces only 1.80 lakh tonnes a year.

In 2013, according to Bangladesh Bank Data, Bangladesh imported 1.77 million tonnes of edible oil and fat of which 1.25 million tonnes were palm oil. Monthly Commodity-wise import statistics recorded by the Customs showed that in July-March 2013-14, Bangladesh imported USD 2,048.9 mn edible oil which was USD 2,268.7 mn in July-March 2012-13.

Palm oil is the dominating edible oil since 2003. According to MPOC statistics, in 2012 import share of three major edible oil segments was -



Source: Malaysian Palm Oil Council

Palm oil is the highest imported edible oil in the country mostly from Malaysia and Indonesia. During January-August 2013, the total import of palm oil was 875,809 tonnes of which 41% was Malaysian palm oil and 59% was Indonesian palm oil (Source: newspaper report August 2013). Another edible oil – soybean, is imported as crude degummed soybean oil (CDSBO) – from Brazil and Argentina.

According to Bangladesh Soybean Association, currently 15 refineries are actively refining soy and palm oil. Among these refineries, the seven largest, in terms of capacity and market share, are: City Vegetable Oil Mills Ltd, MM Vegetable Oil Mills Ltd., Meghna Vegetable Oils Ltd, Multi Oil Refinery, T. K. Oil, Tripty Industries Ltd. and Shah Amanat Edible Oil.

## Tobacco Industry

### Consumption Scenario

There are two kinds of commonly used tobacco products in Bangladesh i.e., Smoking and Smokeless tobacco products. As per study of Human Development Research Centre (HDRC) and Campaign for Tobacco-Free Kids, Bangladesh is ranked among top tobacco consuming countries. According to The Global Adult Tobacco Survey of 2009 report, more than 47.8 mn people in Bangladesh use tobacco and nearly 42% of the youth (age 13-15) are exposed to secondhand smoke in public places.

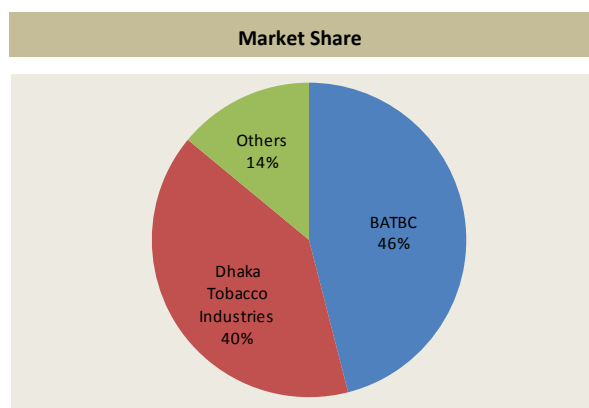
### Economic Impact

According to Department of Agriculture Extension (DAE), tobacco acreage in Bangladesh nearly doubled from 29,290 hectares in 2007-08 fiscal to 55,950 hectares in 2012-13 and production increased more than double from 40,240 tonnes to 1,03,650 tonnes.

The World Health Report 2010 indicated that a 50% increase in tobacco excise taxes would generate around USD 1.4 billion in additional funds in 22 low-income countries. If this amount allocated to health sector, government's health spending in these countries could increase by up to 50%.

### Market Share

More than 95% of tobacco related products are produced and manufactured domestically by both local and foreign manufactures. According to a latest study conducted by Human Development Research Centre (HDRC) and Campaign for Tobacco-Free Kids, cigarette markets are dominated by two firms BATBC (largely focus on premium price brands) and Dhaka Tobacco Industries (lower price brands) which accounted 46% and 40% of market share respectively.



Source: HDRC &CTFK study, ILSL Research

### Regulatory Condition

To discourage the use of tobacco the Government took several initiatives. For instance, previous law – the tobacco control law of 2005, was amended on May 02, 2013. The new law closes the loopholes in the country’s existing health laws. This new law:

- Bans the sale of tobacco to and by minors
- Requires graphic warning labels covering 50% of the front and back of tobacco packaging
- Bans point of sale advertising, promotion of corporate social responsibility projects and signboards
- Expands smoke-free public places to include restaurants and workplaces
- Bans the use of misleading descriptors such as “light,” “low tar,” “mild” and “ultra light”

The Government also imposes higher VATs and taxes on product level and corporate level. In 2014-15, the National Board of Revenue has decided to impose an additional tax in the form of health risk tax on tobacco products and fresh taxes would also be imposed on

chewing tobacco like jarda which was virtually remained out of the tax net (source: newspaper report March 2014).

### Sector’s Drivers

The Country has some underlying features which stimulates the fabulous growth of this sector. For instance –

- **Large Population base:** The Country has population base of around 156 mn (source: Bangladesh Bureau of Statistics) which creates natural market for food products.
- **Mostly young population:** Major portion of the population consist of young generation (age below 35) who exhibited higher spending behavior.
- **Higher income level:** The Country is also experiencing higher income level over the years. In 2008 the per capita income was USD 630 which is now (July – April 2014) USD 1180.

In this Issue, the five listed companies i.e., Olympic Industries Ltd. (DSE: OLYMPIC), British American Tobacco Bangladesh (DSE: BATBC), Golden Harvest Agro Industries Ltd. (DSE: GHAIL), Emerald Oil Industries Ltd. (DSE: EMERALDOIL) and AMCL (PRAN) (DSE: AMCL(PRAN)) are covered.

## OLYMPIC INDUSTRIES LIMITED

### Company Overview

Olympic Industries Limited was incorporated in 1979 as Bengal Carbide Limited and started its commercial operation in 1982. The company was initially engaged in producing Dry cell Battery. Later on, in 1996 the Company diversified its business into biscuit and confectionery items and in 2008, by acquiring Tripti Industries Ltd., into ball pen industry. As per 2013 annual report, the Company has 6 lines of biscuit, 4 lines of confectionery item, 3 lines of ball pen and 3 lines of dry-cell battery. As on June 30 2013, the capacity utilization of biscuit & confectionery, battery and ball pen segments were 70%, 40% and 57% respectively.

Among three business segments biscuit & confectionery unit generates 91.67% revenue followed by battery (4.62%) and ball pen (3.71%). The Company produces Horlicks biscuits for GlaxoSmithKline under a third-party manufacturing agreement. As per the Company's proclamation, it is currently the market leader in the biscuit market and in second position in the battery market in Bangladesh. It also enjoys economies of scale compared to other competitors in the industry. Around 31.49% of shares of the company are held by Sponsors whereas Institutional, General and Foreign Investors held 30.31%, 27.45% and 10.75% shares respectively.

### Investment Insights

- The company will introduce two new biscuit lines by current year. This will increase production capacity by 30,000 MT per year which is 40% of the existing facility. Therefore, revenue from sales is expected to be higher.
- It has signed an agreement with R.B. Group and Walton Brand to manufacture Mercury and Cadmium free Drycell Battery in its factory. This agreement will be valid up to 31-12-2014 with provision for renewal which may contribute more in future revenue.
- It developed its production process by investing in automation, bulk handling and supply chain management which are starting to pay off.
- Revenue source is not diversified; largely (91.67%) concentrated on biscuit & confectionery segment.
- The Company currently runs at high F. P/E of 34.3 which already reflected part of its growth opportunities. The P/B ratio of the Company – 13.5, is also high compared to industry (11.6).

DSE: **OLYMPIC**  
BLOOMBERG: **OLYMPIC:BD**

### Company Fundamentals, as of May 29, 2014

Market Cap (BDT mn)	26,952.4
Market weight	1.2%
No. of Share Outstanding (in mn)	117.5
Free-float Shares	68.5%
Paid-up Capital (BDT mn)	1,175.0
3-month Average Turnover (BDT mn)	142.9
3-month Return	1.3%
Current Price (BDT)	229.3
52-week price range (BDT)	116.5 - 258
Sector's Forward P/E	29.7

	2010-11	2011-12	2012-13	2013-14 (Expected)
<b>Financial Information (BDT mn):</b>				
Sales	3,885.1	6,003.3	7,093.2	8,767.7*
Operating Profit	392.2	697.6	931.3	1,202.2*
Profit After Tax	256.2	460.0	615.4	882.2*
Assets	1,850.3	2,591.2	3,693.7	4,183.9
Long Term Debt	244.7	385.1	444.3	460.9
Equity	743.4	1,168.6	1,731.7	2,059.1
Dividend (C/B)%	10/50	10/50	10/50	-
<b>Margin:</b>				
Gross Profit	25.0%	24.3%	25.7%	27.0%
Operating Profit	10.1%	11.6%	13.1%	13.7%
Pretax Profit	9.1%	10.8%	12.7%	14.0%
Net Profit	6.6%	7.7%	8.7%	10.1%
<b>Growth:</b>				
Sales	58.1%	54.5%	18.2%	23.6%*
Gross Profit	39.2%	50.3%	24.7%	29.8%*
Operating Profit	28.5%	77.9%	33.5%	29.1%*
Net Profit	34.0%	79.5%	33.8%	43.4%*
<b>Profitability:</b>				
ROA	16.0%	20.7%	19.6%	22.4%*
ROE	40.4%	48.1%	42.4%	46.5%*
<b>Leverage:</b>				
Debt Ratio	19.0%	18.2%	11.7%	12.1%
Debt-Equity	47.2%	40.5%	24.9%	24.6%
Int. Coverage	7.5	9.1	9.9	13.8
<b>Valuation:</b>				
Price/Earnings	38.8	21.4	31.9	30.6*
Price/BV	13.4	8.5	11.4	13.1
EPS (BDT)	7.4	8.9	7.8	7.5*
DPS (BDT)	1.0	1.0	1.0	---
NAVPS (BDT)	14.2	14.9	14.7	17.5

\*Assuming that, 70% capacity utilization of the new units from April – June of 2014 and maintaining existing (H/Y 2013-14) profit margins.

### Last Five Year's Price Movement (BDT)



Source: Annual Reports, Olympic's website, DSE website, the Financial Express and ILSL Research

## BRITISH AMERICAN TOBACCO BANGLADESH COMPANY LIMITED

DSE: **BATBC**  
BLOOMBERG: **BATBC:BD**

### Company Overview

British American Tobacco Bangladesh Company Ltd. (BATBC) manufactures and markets cigarettes. It designs its product line to focus various customer segments based on their income level e.g., premium segment, high segment, medium segment and lower segment.

In 2013 the Company achieved highest ever gross sales volume (BDT 109 bn) along with 18% production growth compared to last year. This progress was driven by volume growth and tax-led price increases. In 2013, it's operating profit margin was 30.4% which was 25.2% in 2012. This improved margin was the result of better brand mix, focused marketing strategy and smart cost management program. Around more than 90% revenue of the firm is generated from local cigarettes sales whereas rest is obtained from exporting tobacco leaf. The firm procures raw material mainly from local source. It has around 32,400 registered farmers across the Country. In 2013, it produced 35.34 bn cigarettes sticks which were 30.04 bn in 2012.

It is the highest private sector tax payer of the Country and contributed two-third of the total tax collection of the industry. In 2013, it contributed BDT 84.36 bn as duty, VAT and other levies.

Around 72.91% shares of the company are held by the Sponsors whereas Institutional Investors, General Investors and the Government held 13.61%, 12.84% and 0.64% shares respectively.

### Investment Insights

- The Company displayed exceptional performance over the years. 5 year CAGR (Compound Annual Growth Rate) of revenue of the company was 19.3%.
- It has increased its production by 18% in 2013; at the same time, it has made BDT 1.50 bn additional CAPEX in the right technologies to improve the manufacturing process.
- So far the Company focused its operation mainly to upper class product segment; however in 2013 Annual Report it expressed optimistic view about lower segment business in coming years.
- The Company operated in strict regulatory environment. The Government has increased tax rate to 42.5% from 35% in the National Budget for 2013-14.
- 10% export duty on tobacco leaf and withdrawal of GSP facility by USA hampered its export performance.

### Company Fundamentals, as of May 29, 2014

Market Cap (BDT mn)	141,258.0
Market weight	6.0%
No. of Share Outstanding (in mn)	60.0
Free-float Shares	26.40%
Paid-up Capital (BDT mn)	600.0
3-month Average Turnover (BDT mn)	47.5
3-month Return	3.2%
Current Price (BDT)	2,354.3
52-week price range (BDT)	992-2655
Sector's Forward P/E	29.7

	2011	2012	2013	2014 (Q1 Ann.)
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### Financial Information (BDT mn):

Sales	23,269	27,471	31,225	36,604
Operating Profit	5,247	6,913	9,504	9,012
Profit After Tax	2,552	3,942	4,869	4,967
Assets	13,149	15,031	18,464	21,985
Long Term Debt	938	970	1,247	1,252
Equity	5,910	7,032	8,902	10,143
Dividend (C/B)%	420/-	500/-	620/-	----

### Margin:

Gross Profit	42.2%	42.0%	44.0%	46.2%
Operating Profit	22.5%	25.2%	30.4%	24.6%
Pretax Profit	21.1%	23.7%	29.2%	23.6%
Net Profit	11.0%	14.3%	15.6%	13.6%

### Growth:

Sales	11.1%	18.1%	13.7%	17.2%
Gross Profit	31.4%	17.4%	19.1%	23.3%
Operating Profit	21.3%	31.7%	37.5%	-5.2%
Net Profit	-11.3%	54.5%	23.5%	2.0%

### Profitability:

ROA	19.2%	28.0%	29.1%	24.6%
ROE	42.0%	60.9%	61.1%	52.2%

### Leverage:

Debt Ratio	0.0%	0.0%	0.0%	0.0%
Debt-Equity	0.0%	0.0%	0.0%	0.0%
Int. Coverage	37.0	37.5	107.0	-

### Valuation:

Price/Earnings	14.7	12.8	19.8	28.4
Price/BV	6.4	7.2	10.8	13.9
EPS (BDT)	42.5	65.7	81.1	82.8
DPS (BDT)	42	50	62	---
NAVPS (BDT)	98.5	117.2	148.4	169

### Last Five Year's Price Movement (BDT)



Source: Annual Reports, DSE website, BATBC's website, WHO, CTFK's website, HDRC's website, the Financial Express, the Daily Star and ILSL Research

**GOLDEN HARVEST AGRO INDUSTRIES LIMITED**
**Company Overview**

Golden Harvest Agro Industries Limited (GHAIL) started its commercial operation in May 2006. The company is mainly engaged in producing and marketing of frozen vegetables, ready-to-cook items and ready-to-eat items. It has a subsidiary named as, Golden Harvest Ice Cream Ltd. where it holds 99.99% share. As on June 30 2013, the capacity utilization of Snacks, Vegetable and Fish processing items were 57%, 66% and 67% respectively.

In 2012-13, the Company enjoyed 12% growth in its revenue compared to previous year. 96.92% of revenue was generated from local sales and rest came from export. The company's net profit margin increased to 23.65% in 2012-13 against 14.02% of 2011-12 mainly due to interest income from unutilized IPO proceeds. It started partnership with USAID for establishing cold chain system which helps in maintaining and providing a series of facilities for ensuring ideal storage for the perishables from the point of origin to the point of sale.

Around 35.03% of shares of the company are held by Sponsors whereas General Investors, Institutional Investors and Foreign Investors hold 45.02%, 19.94% and 0.01% shares respectively.

**Investment Insights**

- The Company expects that the ice cream project will be operational shortly and revenue from the project will boost the earnings accordingly.
- The cold chain project of the Company has already been started which will increase operational efficiency.
- GHAIL generates its revenue from diversified product lines.
- The company has more than 18,000 retail outlets all over Bangladesh and it also exports its products to USA, Canada, Australia, Middle East and the European countries.
- GHAIL has a competitive advantage over other branded ice cream producer as it has own cold chain infrastructure.
- The company lacks in having strong customer base in the local market due to limited target market; mostly sold in the capital city.
- Total asset turnover ratio decreased to 30.05% in 2012-13 as against the previous year's rate of 39.44%.
- The company is not deploying power generators to the distributors and sellers. As a result, it faces high risk of food defrosting.

**DSE: GHAIL  
BLOOMBERG: GHAI:BD**
**Company Fundamentals, as of May 29, 2014**

Market Cap (BDT mn)	2,719.0
Market weight	0.1%
No. of Share Outstanding (in mn)	81.9
Free-float Shares	64.9%
Paid-up Capital (BDT mn)	819.0
3-month Average Turnover (BDT mn)	7.4
3-month Return	-16.1%
Current Price (BDT)	33.2
52-week price range (BDT)	30 - 54.5
Sector's Forward P/E	29.7

	2010-11	2011-12	2012-13	2013-14 (9m Ann)
<b>Financial Information (BDT mn):</b>				
Sales	527.0	559.0	626.0	678.0
Operating Profit	234.0	183.0	211.0	225.0
Profit After Tax	132.0	78.0	148.0	124.0
Assets	1,283.0	1,549.0	2,614.0	3,023.0
Long Term Debt	89.0	84.0	65.0	62.0
Equity	894.0	958.0	1,995.0	2,012.0
Dividend (C/B)%	n/a	n/a	0/20	10/5
<b>Margin:</b>				
Gross Profit	53.3%	45.6%	44.9%	49.7%
Operating Profit	44.4%	32.8%	33.7%	33.2%
Pretax Profit	38.8%	22.1%	33.7%	26.2%
Net Profit	25.1%	14.0%	23.7%	18.3%
<b>Growth:</b>				
Sales	35.8%	6.1%	12.0%	8.3%
Gross Profit	48.3%	-9.2%	10.1%	20.0%
Operating Profit	40.3%	-21.5%	14.9%	6.9%
Net Profit	24.9%	-40.8%	89.2%	-16.3%
<b>Profitability:</b>				
ROA	13.0%	5.5%	7.1%	4.4%
ROE	19.2%	8.5%	10.0%	6.2%
<b>Leverage:</b>				
Debt Ratio	7.4%	27.3%	16.7%	25.9%
Debt-Equity	10.6%	44.1%	21.9%	39.0%
Int. Coverage	8.5	3.3	3	2.7
<b>Valuation:</b>				
Price/Earnings	n/a	n/a	25.41	22.1
Price/BV	n/a	n/a	1.9	1.3
EPS (BDT)	2.0	1.0	1.8	1.5
DPS (BDT)	n/a	n/a	1.0	---
NAVPS (BDT)	25.3	22.0	24.4	24.6

**Price Movement Since Listing (BDT)**


Source: Annual Reports, Prospectus, DSE Website, the Financial Express, the Daily Star, Company's website and ILSL Research

## EMERALD OIL INDUSTRIES LIMITED

DSE: EMERALDOIL  
BLOOMBERG: EOIL:BD

### Company Overview

Emerald Oil Industries Ltd. (EOIL) commenced its operation on July 2011. EOIL is involved in manufacturing of Rice Bran Oil by processing of Rice Bran. It also produces De-Oil Bran, Fatty Acid, Wax, Gum & Spent Earth as by-product. EOIL is marketing its product in wholesale as well as in its own brand name "SPONDON OIL".

EOIL has installed capacity of producing 54,750 ton/year, of which 95.62% was utilized during the year 2013. EOIL will go for BMRE at the same location (Sheripara, Sherpur) and double its capacity to produce 60 MT of Crude Oil and 240 MT De-Oiled Rice Bran per day. The main raw material for the project is rice bran which is obtained locally.

As per 2012-13 Audit report, Rice Bran Oil & De-Oil Rice Bran (DORB) contributes 56% and 37% respectively to the firm's revenue. Other by-products i.e., Fatty acid, Wax etc. contributed around 7% of the revenue.

Around 57.45% of shares of the company are held by the Sponsors whereas General and Institutional Investors held 38.3% and 4.25% shares respectively.

### Investment Insights

- The Company has doubled its production capacity from 30 MT to 60 MT for Crude oil and from 120 MT to 240 MT for De-Oil Rice Bran. As per the prospectus, operations of this expanded project will start very soon. Therefore, higher revenue is expected in the coming years.
- EOIL will enjoy 50% tax benefit up to June 2015 and 25% for June 2016. This tax advantage will have positive impact on profitability of the firm.
- The production facility of the firm is nearby from the raw material procurement points.
- EOIL signed a manufacturing agreement with ACI Edible Oil Ltd. up to September 2015 to manufacture and process rice bran oil in its factory and selling its product in ACI's brand, which will help to maintain the firm's revenue.
- Rice Bran oil is a relatively new product in our market. So, the major challenge for the Company is to create demand of its product among the mass people.
- EOIL faces tough competition with large opponents in rice bran oil market. It also competes with other conventional (Soyabean Oil, Palm Oil, Mustered Oil etc.) market players in the edible oil industry.

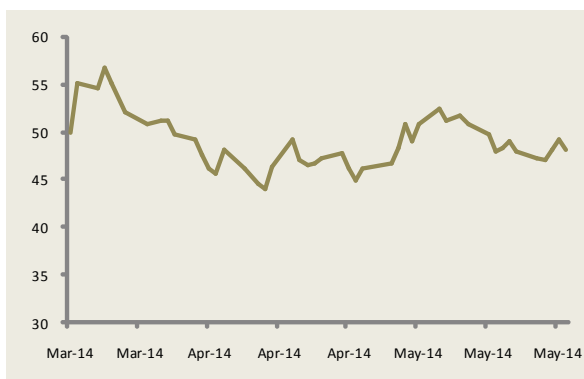
### Company Fundamentals, as of May 29, 2014

Market Cap (BDT mn)	2,719.0
Market weight	0.1%
No. of Share Outstanding (in mn)	81.9
Free-float Shares	64.9%
Paid-up Capital (BDT mn)	819.0
3-month Average Turnover (BDT mn)	7.4
3-month Return	-16.1%
Current Price (BDT)	33.2
52-week price range (BDT)	30 - 54.5
Sector's Forward P/E	29.7

	2010-11*	2011-12	2012-13	2013-14 (9m Ann)
<b>Financial Information (BDT mn):</b>				
Sales*	-	1,098.9	1,263.8	1,305.2
Operating Profit*	-18.2	164.4	187.5	208.1
Profit After Tax*	-20.9	67.6	76.8	90.5
Assets	623.7	1,005.0	1,206.8	1,473.3
Long Term Debt	378.4	535.5	528.3	485.2
Equity	127.7	302.8	379.7	647.6
Dividend (C/B)%	-/-	-/-	-/-	-/-
<b>Margin:</b>				
Gross Profit*	-	18.8%	19.2%	19.5%
Operating Profit*	-	15.0%	14.8%	15.9%
Pretax Profit*	-	8.3%	7.7%	7.5%
Net Profit*	-	6.2%	6.1%	6.9%
<b>Growth:</b>				
Sales	-	-	15.0%	3.3%
Gross Profit	-	-	17.3%	5.1%
Operating Profit	-	-	14.1%	11.0%
Net Profit	-	-	13.6%	17.8%
<b>Profitability:</b>				
ROA	-3.9%	8.3%	6.9%	6.8%
ROE	-15.9%	31.4%	22.5%	17.6%
<b>Leverage:</b>				
Debt Ratio	78.6%	65.7%	61.8%	49.7%
Debt-Equity	383.9%	218.0%	196.6%	113.1%
Int. Coverage	-	2.4	2.2	1.8
<b>Valuation:</b>				
Price/Earnings	N/A	N/A	N/A	25.3
Price/BV	N/A	N/A	N/A	3.5
EPS (BDT)	N/A	4.1	1.6	1.9
NAVPS (BDT)	N/A	11.01	12.25	13.8

\* The company started its commercial operation on July 02, 2011. Data for the year 2010-11 is for nine months.

### Price Movement Since Listing (BDT)



Source: Prospectus, the Financial Express, the Daily Star, EOIL's website and ILSL Research



## AGRICULTURAL MARKETING COMPANY LIMITED

DSE: AMCL(PRAN)  
BLOOMBERG:AMCL:BD

### Company Overview

Agricultural Marketing Company Limited (AMCL) was incorporated on May 1985. The company is primarily involved in producing and marketing of agricultural products. The production facility of the Company is situated at Ghorashal, Narshindi. It has several product lines i.e., Juice, Drinks & Others, Mineral Water, Soft drinks and Mango Bar & others. As on June 30 2013, the capacity utilization rate of Juice, Drinks & others, Mineral Water, Soft Drinks and Mango Bars & others segments were 63%, 41%, 90% and 18% respectively.

As per 2012-13 Annual Report, 90% sales revenue was generated from local sales whereas rest 10% was came from export. Export revenue dropped in 2012-13 by 45% compared to 2011-12. The Company reported 15% growth in its revenue up to 9 months of 2013-14, compared to the same time period of 2012-13. The net profit after tax up to 9 months of 2013-14 increased by 5.24% compared to 3 months of 2012-13 due to less tax provision was made.

Around 42.75% of shares of the company are held by Sponsors whereas General and Institutional Investors held 55.91% and 1.34% shares respectively.

### Investment Insights

- AMCL has diversified product lines; hence the revenue stream is relatively more sustainable.
- The Company took initiatives to strengthen the distribution channel for the SARAC region and Middle Eastern countries. Export revenues are expected to increase because of such efforts.
- In the year 2012-13, the firm has set up a new 125 ml Tetra-Pack line in the factory. As a result revenue from sales is expected to be higher.
- It has increased its production capacity of Juice, Drinks and other segment by 80% in 2012-13 than that of last year. This expanded capacity might help to boost the revenue.
- It has established a stable dividend policy over the years (as mentioned in the table).
- The Company operates with high leverage e.g., in 2012-13 Debt ratio was 48.1%. Consequently, high debt service obligation squeezed the 12.7% operating profit margin significantly to pretax profit margin of 4.2%.
- Currently, the Company runs with F. P/E of 39.58 and P/B of 3.97 which is relatively high by considering its growth opportunity.

### Company Fundamentals, as of May 29, 2014

Market Cap (BDT mn)	1,831.2
Market weight	0.1%
No. of Share Outstanding (in mn)	8.0
Free-float Shares	57.3%
Paid-up Capital (BDT mn)	80.0
3-month Average Turnover (BDT mn)	11.1
3-month Return	-8.7%
Current Price (BDT)	228.9
52-week price range (BDT)	123.5 - 337.1
Sector's Forward P/E	29.7

	2010-11	2011-12	2012-13	2013-14 (9m Ann.)
<b>Financial Information (BDT mn):</b>				
Sales	1,316.3	1,479.1	1,554.4	1,452.2
Operating Profit	171.7	205.4	215.3	183.8
Profit After Tax	45.5	52.1	54.8	46.8
Assets	1,172.7	1,167.6	1,133.2	1,156.1
Long Term Debt	179.6	164.2	110.7	77.8
Equity	401.3	427.1	457.1	467.4
Dividend (C/B)%	31/-	31/-	31/-	-/-
<b>Margin:</b>				
Gross Profit	21.8%	22.1%	22.2%	22.2%
Operating Profit	13.0%	13.9%	13.8%	12.7%
Pretax Profit	4.2%	4.5%	4.4%	4.2%
Net Profit	3.5%	3.5%	3.5%	3.2%
<b>Growth:</b>				
Sales	-	12.4%	5.1%	-6.6%
Gross Profit	-	14.2%	5.5%	-6.7%
Operating Profit	-	19.7%	4.8%	-14.6%
Net Profit	-	14.6%	5.2%	-14.6%
<b>Profitability:</b>				
ROA	7.8%	4.5%	4.8%	4.1%
ROE	22.7%	12.6%	12.4%	10.1%
<b>Leverage:</b>				
Debt Ratio	56.3%	52.5%	47.3%	48.1%
Debt-Equity	164.4%	143.6%	117.2%	118.9%
Int. Coverage	1.5	1.5	1.5	1.5
<b>Valuation:</b>				
Price/Earnings	26.8	19.6	18.7	38.8
Price/BV	4.5	4.2	4	3.9
EPS (BDT)	5.7	6.5	6.9	5.9
DPS (BDT)	3.1	3.1	3.1	-
NAVPS (BDT)	50.2	53.4	57.1	58.4

### Last Five Year's Price Movement (BDT)



Source: Annual Reports, DSE website, AMCL(PRAN)'s website, the Financial Express, the Daily Star and ILSL Research

## MUTUAL FUND: MONTHLY UPDATE

### Performance of Mutual Funds

Mutual Fund Sector of DSE posted 7.5% loss over the month (24 Apr, 2014 - 29 May, 2014), while the prime index of the bourse, DSEX, decreased by 5.8%. Price of 5 Mutual Funds increased and 36 Mutual Funds decreased over the period. On the other hand, NAV @ Market Price of 2 Mutual Funds increased and 39 Mutual Funds decreased. Out of 41 Mutual Funds, 36 were traded below their respective NAV. PHPMF1 had the lowest Price/NAV ratio (55.0%) whereas 1STPRIMFMF was traded at highest Price/NAV ratio (184.6%). Price of 7TH ICB Mutual Fund gained 10.5% against decrease in NAV by 7.8%.

Name of Fund	NAV Per Unit @		Price 30 Mar, 2014	Close Price/ NAV per Unit	% Change in NAV	% Change in Price	52-Week Price Range	Avg Monthly Turnover (BDT mn)	Year of Redemption	Asset Manager
	Market Price	Cost Price								
AIMS1STMF	49.71	18	41.1	82.7%	↓ -2.7%	↓ -4.4%	27 - 63.4	7.82	30/Jun/15	AIMS
GRAMEEN1	33.75	21.46	43.7	129.5%	↓ -3.2%	↓ -3.3%	29.4 - 84	9.89	4/Sep/15	AIMS
GRAMEENS2	18.85	13.21	16.2	85.9%	↓ -2.5%	↓ -5.8%	10.7 - 29.8	7.16	2/Sep/23	AIMS
RELIANCE1	12.37	11.96	8.9	71.9%	↓ -1.5%	↓ -3.3%	7.7 - 13	3.31	7/Jul/21	AIMS
1STICB	1296.36	203.96	949.3	73.2%	↓ -11.8%	↓ -7.8%	810 - 1068.2	0.05	31/Dec/14	ICB
2NDICB	289.58	113.62	279.3	96.5%	↓ -6.2%	↓ -7.6%	175.1 - 352	0.03	31/Dec/14	ICB
3RDICB	324.53	75.77	240.0	74.0%	↓ -5.8%	↓ -1.4%	135 - 270	0.04	31/Dec/14	ICB
4THICB	288.65	84.46	212.0	73.4%	↓ -6.4%	↓ -5.5%	122.1 - 242.1	0.12	31/Dec/14	ICB
5THICB	243.23	60.83	180.1	74.0%	↓ -5.9%	↓ -9.5%	100 - 235	0.03	31/Dec/14	ICB
6THICB	65.42	31.75	67.0	102.4%	↓ -5.6%	↑ 1.5%	40.5 - 77	0.36	31/Dec/14	ICB
7THICB	109.21	41.03	105.0	96.1%	↓ -7.8%	↑ 10.5%	66 - 115.9	0.02	31/Dec/14	ICB
8THICB	75.99	36.93	73.1	96.2%	↓ -6.6%	↑ 7.5%	47.1 - 82	0.18	31/Dec/14	ICB
1STPRIMFMF	10.29	16.13	19.0	184.6%	↓ -5.4%	↓ -0.5%	8.8 - 35.7	7.05	17/Mar/16	ICB AMCL
ICB1STNRB	24.31	34.84	30.1	123.8%	↓ -5.0%	↑ 6.0%	21.5 - 37.7	1.73	28/Mar/17	ICB AMCL
ICB2NDNRB	10.69	15.09	9.9	92.6%	↓ -5.8%	↓ -8.3%	8.4 - 16.5	1.67	27/Jul/18	ICB AMCL
ICB3RDNRB	7.55	11.33	5.0	66.2%	↓ -5.5%	↓ -7.4%	4.7 - 10.8	0.92	24/May/20	ICB AMCL
ICBAMCL2ND	8.04	12.96	6.1	75.9%	↓ -5.4%	↓ -4.7%	5 - 11.7	0.35	28/Oct/19	ICB AMCL
ICBEPMF1S1	7.64	11.65	5.5	72.0%	↓ -4.4%	↓ -6.8%	5.4 - 13.5	0.55	18/Jan/20	ICB AMCL
ICBISLAMIC	17	24.14	19.9	117.1%	↓ -5.2%	↓ -10.8%	16 - 28	0.23	5/Jan/15	ICB AMCL
ICBSONALI1	10.34	11.37	8.7	84.1%	↓ -3.6%	↓ -3.3%	6 - 13.2	1.55	12/Jun/23	ICB AMCL
IFILISLMF1	9.89	11.52	6.8	68.8%	↓ -5.7%	↓ -5.6%	4.1 - 9.4	2.23	22/Nov/20	ICB AMCL
PF1STMF	7.33	11.38	5.2	70.9%	↓ -5.4%	↓ -8.8%	4.6 - 12.4	0.62	9/May/20	ICB AMCL
PRIME1ICBA	7.69	11.51	5.2	67.6%	↓ -4.2%	↓ -11.9%	4.8 - 10.6	0.43	2/Feb/20	ICB AMCL
AIBL1STMF	10.46	10.88	7.1	67.9%	↓ -4.3%	↓ -11.3%	4.7 - 10.2	3.47	10/Jan/21	LR Global
DBH1STMF	10.03	10.81	6.0	59.8%	↓ -4.7%	↓ -7.7%	4.9 - 11.2	1.43	7/Feb/20	LR Global
GREENDEL MF	9.88	10.58	5.5	55.7%	↓ -3.0%	↓ -9.8%	4.4 - 10.3	1.04	28/Sep/20	LR Global
LRGLOBMF1	10.76	11.25	6.5	60.4%	↓ -4.4%	↓ -4.4%	6.3 - 10.6	1.13	19/Sep/21	LR Global
MBL1STMF	10.24	10.68	6.0	58.6%	↓ -3.8%	↓ -24.1%	4.8 - 9.8	12.15	8/Feb/21	LR Global
NCCBLMF1	10.5	10.7	6.9	65.7%	↓ -3.8%	↓ -9.2%	6.6 - 13	0.51	24/May/22	LR Global
1JANATAMF	11.13	11.67	6.3	56.6%	↓ -3.4%	↓ -10.0%	4.9 - 10.3	1.78	20/Sep/20	RACE
ABB1STMF	12.06	11.09	7.0	58.0%	↓ -1.9%	↓ -6.7%	6.4 - 12.5	2.16	29/Jan/22	RACE
EBL1STMF	10.11	11.59	6.5	64.3%	↓ -3.9%	↓ -4.4%	6.3 - 14.8	0.89	19/Aug/19	RACE
EBLNRBMF	10.86	10.94	7.0	64.5%	↓ -4.0%	↓ -5.4%	6 - 11	0.01	23/May/21	RACE
EXIM1STMF	11.37	11.32	7.6	66.8%	↓ -0.3%	↑ 4.1%	6.5 - 11.5	0.01	16/Jul/23	RACE
FBFIF	11.2	10.91	7.6	67.9%	↓ -0.9%	↓ -15.6%	7.4 - 10.5	0.05	19/Mar/22	RACE
IFIC1STMF	10.95	11.45	6.5	59.4%	↓ -2.8%	↓ -7.1%	5.8 - 11.8	1.44	1/Apr/20	RACE
PHPMF1	10.55	11.7	5.8	55.0%	↓ -4.4%	↓ -9.4%	4.5 - 10.4	2.12	29/Nov/20	RACE
POPULAR1MF	11.23	12.16	6.5	57.9%	↓ -3.0%	↓ -5.8%	4.8 - 10	3.06	19/Oct/20	RACE
TRUSTB1MF	10.95	11.11	7.2	65.8%	↓ -4.4%	↓ -6.5%	5.8 - 12.8	2.16	27/Jan/20	RACE
NLI1STMF	12.42	12.34	9.0	72.5%	↑ 0.3%	↓ -3.2%	7.6 - 15.7	2.73	27/Feb/22	VIPB
SEBL1STMF	12.04	12	8.4	69.8%	↑ 0.2%	↓ -6.7%	7.6 - 12.6	3.25	23/May/21	VIPB

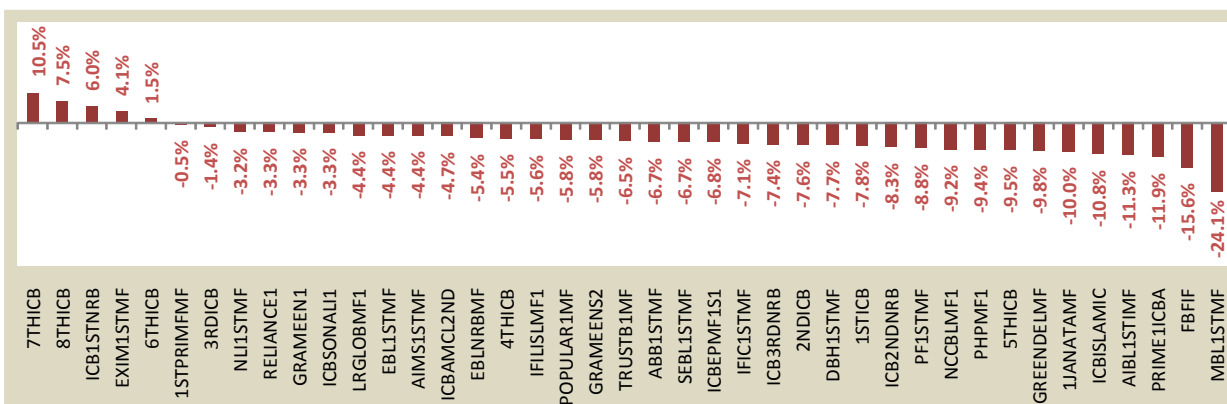
Source: DSE, ILSL Research

## Mutual Fund : Monthly Update

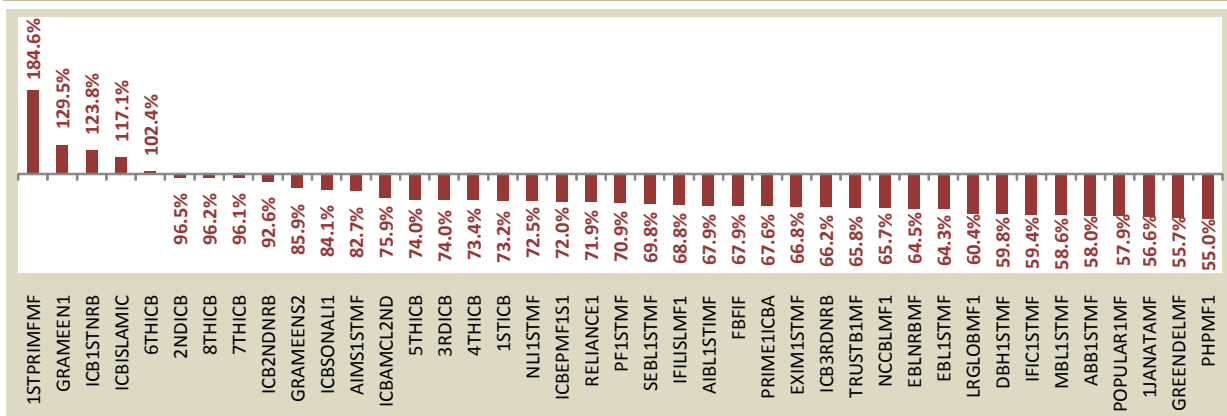
### Weekly Top 10 Analysis

Highest Return	% Change in NAV	Lowest Return	% Change in NAV	Turnover Leader	Avg Turnover (BDT mn)
NLI1STMF	0.3%	1STICB	-11.8%	MBL1STMF	12.2
SEBL1STMF	0.2%	7THICB	-7.8%	GRAMEEN1	9.9
EXIM1STMF	-0.3%	8THICB	-6.6%	AIMS1STMF	7.8
FBFIF	-0.9%	4THICB	-6.4%	GRAMEENS2	7.2
RELIANCE1	-1.5%	2NDICB	-6.2%	1STPRIMFMF	7.1
ABB1STMF	-1.9%	5THICB	-5.9%	AIBL1STMF	3.5
GRAMEENS2	-2.5%	ICB2NDNRB	-5.8%	RELIANCE1	3.3
AIMS1STMF	-2.7%	3RDICB	-5.8%	SEBL1STMF	3.2
IFIC1STMF	-2.8%	IFILISLMF1	-5.7%	POPULAR1MF	3.1
POPULAR1MF	-3.0%	6THICB	-5.6%	NLI1STMF	2.7

### 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	6,261	12.5%	-2.5%	1.63	2,595
ICB	3,130	6.3%	-8.1%	3.37	178
ICB AMCL	6,650	13.3%	-5.0%	0.72	7,250
LR Global	9,268	18.6%	-4.1%	0.95	8,896
RACE	22,795	45.7%	-2.6%	0.98	20,386
VIPB	1,827	3.7%	0.3%	1.00	1,501

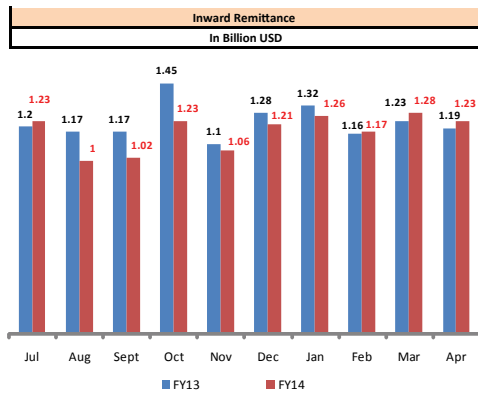
Source: DSE, ILSL Research

## Business Newsflash

### Economy

#### Remittance in slow lane: Workers sent USD 1.23b in April, a rise of 3.36% year-on-year

The Daily Star, May 6, 2014

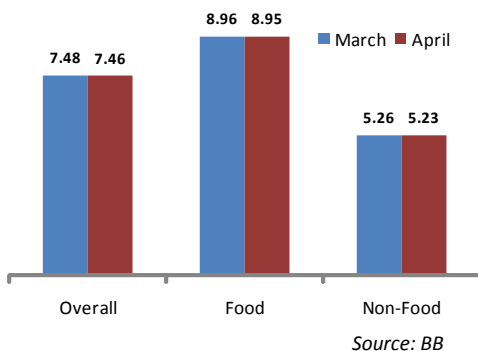


Remittance inflow slid about 5% year-on-year in the first ten months of the fiscal year on the back of a shrinking pool of migrant workers. Between July last year and April this year, the country received USD 11.73 billion in remittance in contrast to USD 12.31 billion registered for the same period of last fiscal year, according to data from the central bank. The drop is in keeping with the trend since last August, when it turned negative after sluggish growth since the first half of fiscal 2012-13. Only 4.5 lakh migrants managed overseas jobs in 2013, down by more than 33% from 2012, according to the Refugee and Migratory Movements Research Unit (RMMRU). However, remittance showed a spike in April, increasing 3.36% year-on-year to USD 1.23 billion.

<http://www.thedailystar.net/business/remittance-in-slow-lane-22851>

#### Inflation cooled by political stability

The Daily Star, May 8, 2014



Inflation eased in April on the back of the relatively stable political scenario, the central bank's sound monetary policy stance and stable global food grain prices. Last month, inflation came down to 7.46% from 7.48% in March, according to data from of Bangladesh Bureau of Statistics (BBS). Food inflation dropped one basis point to 8.95% in April, while non-food inflation slid 3 basis points to 5.23%.

<http://www.thedailystar.net/business/inflation-cooled-by-political-stability-23165>

#### Foreign Exchange reserve declines to USD 19.50 billion

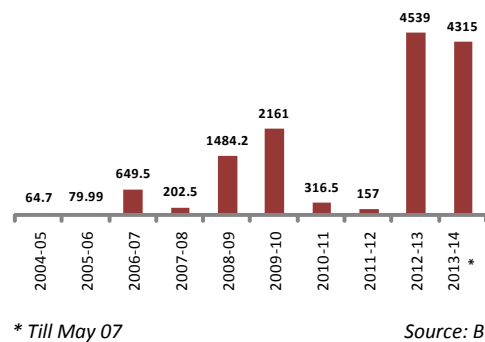
The Financial Express, May 8, 2014

Bangladesh made a routine payment of USD 1.17 billion to the Asian Clearing Union (ACU) against imports during the March-April period of the current calendar year. After the payment, the country's foreign exchange (forex) reserve came down to around USD 19.50 billion on May 7, 2014 from USD 20.57 billion of the previous working days. The amount of payment rose to USD 1172 million, which was ever highest, in the last installment from USD 960 million earlier mainly due to higher imports from the ACU member countries.

<http://www.thefinancialexpress-bd.com/2014/05/08/32803>

#### Dollar erodes 5% despite BB efforts

The Daily Star, May 9, 2014



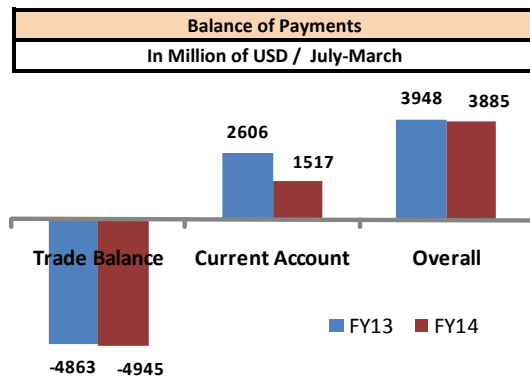
The US dollar has lost over 5% in value against the Bangladesh taka over the two years in spite of the central bank's greenback buying spree to keep the exchange rate stable. The inter-bank dollar-taka exchange rate stood at BDT 77.65 on May 8, 2014, down from BDT 81.85 exactly two years ago, according to data from Bangladesh Bank.

Analysts and bankers said if the central bank had not purchased the greenback, its price could have gone down to around BDT 75 a dollar, as demand for the foreign currency has been on a declining trend for the past one and a half years. Demand for the dollar is still low against the supply, said a treasury official of a private bank asking not to be named.

<http://www.thedailystar.net/newsarchive/dollar-erodes-5p-c-despite-bb-efforts-23357>

**Trade deficit widens on sluggish exports**

The Daily Star, May 12, 2014



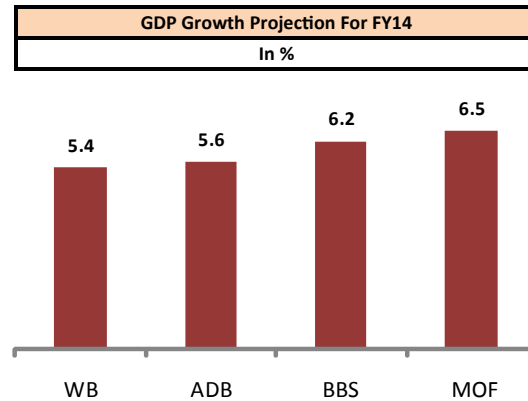
Source: BB

Trade deficit widened in the first nine months of this fiscal year on the back of lower exports and higher imports, bucking the recent trend. Between July and March, trade deficit stood at USD 4.94 billion. In March alone, it rose by USD 1.38 billion, data from Bangladesh Bank shows. Imports grew by 11.09% in the first nine months of fiscal 2013-14 but in March alone the growth was 54.47%. Exports grew by 13.46% during the period but in March it rose only 4.79%. Meanwhile, the current account surplus dropped around 42% to USD 1.51 billion in the first nine months of the fiscal year owing to a decline in remittance inflow. The country's foreign currency reserves are still over USD 20 billion.

<http://www.thedailystar.net/business/trade-deficit-widens-on-sluggish-exports-23696>

**GDP growth may cross 6%: BBS makes preliminary estimate for this fiscal year**

The Daily Star, May 19, 2014



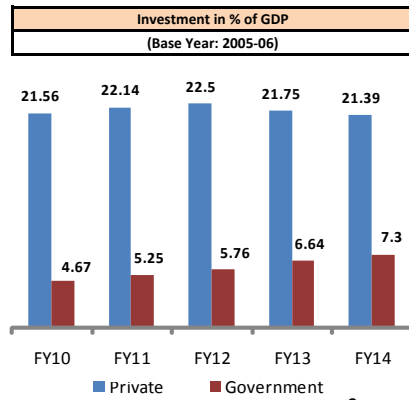
Economic growth is likely to cross the 6% mark this fiscal year despite the incapacitating political turmoil in the first half, according to a draft estimate by the Bangladesh Bureau of Statistics. If the new base year of 2005-06 is considered, the GDP growth for fiscal 2013-14 is likely to be around 6.2%, down from its earlier estimation of 6.5%, according to a planning ministry official.

Using the same base year, the World Bank computed the GDP growth to be 5.4% and Bangladesh Bank 5.7% to 6.1%. BBS officials said the GDP growth rate will be published using the new base year this year to reflect the changes the economy has underwent over the years. Six additional sectors have been to the economy in the new base year to take the total number of sectors to 21. The state-run statistical agency's provisional estimate using the new base year for last fiscal year though turned out to be off the mark: it expected the GDP to grow by 6.18% but in reality it registered growth of 5.98%. Remittance declined 4.78% year-on-year in the first ten months of the fiscal year, while the total loss to the economy by the political turmoil is around USD 1.4 billion, according to WB.

<http://www.thedailystar.net/business/gdp-growth-may-cross-6pc-24720>

**Private investment falls for second year**

The Daily Star, May 25, 2014



Source: BB

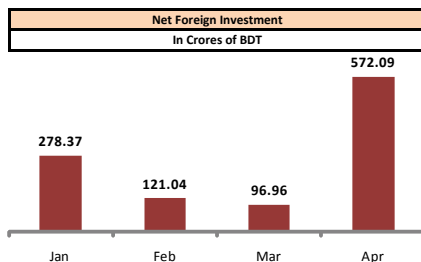
Private investment dropped for the second year on the back of political uncertainty. In fiscal 2013-14, private investment as a proportion of gross domestic product stood at 21.39%, down 0.36 percentage points, according to a provisional estimate from the Bangladesh Bureau of Statistics. The private investment-GDP ratio declined for the first time last fiscal year. Public investment, on the other hand, rose 0.66 percentage points to 7.30%, to take the overall investment-GDP ratio to 28.69%, up 0.30 percentage point year-on-year. A big portion of private investment comes through bank finance, and related banking data shows that investment is still in a stagnant situation. Between June 30 last year and February 28 this year, the amount of excess liquidity in the banking sector swelled 78% to BDT 1,35,436 crore, according to data from the central bank. Another indicator of the languishing investment situation is that industrial term-loan disbursement declined 7.73% year-on-year during the January-March period.

<http://www.thedailystar.net/business/private-investment-falls-for-second-year-25513>

**Stock Market**

**Foreign investment in DSE jumps manifold in April**

The Daily Star, May 12, 2014



Net foreign investment in the Dhaka stock market rose to a record BDT 572 crore by nearly six times in April from the previous month, as overseas investors injected fresh funds into multinational companies. Foreign investors bought shares worth BDT 876.44 crore and sold shares worth BDT 304.35 crore in April. Local stockbrokers said two international merger news of cement makers Lafarge and Holcim and drug makers GlaxoSmithKline and Novartis—prompted foreign investors to take position in the companies that are listed on the Dhaka stock market. Lucrative dividends declared by other multinational companies also encouraged the investors to park money in the securities.

Foreign investment accounts for around 2% of DSE's total market capitalization, which was BDT 291,362 crore as of May 11, 2014. Banks were initially the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also caught their attention. During January-April period, foreign investors bought shares worth BDT 1,811.91 crore and sold shares worth BDT 743.45 crore to yield a net investment of BDT 1,068.46 crore.

<http://www.thedailystar.net/business/foreign-investment-in-dse-jumps-manifold-in-april-23699>

**Simplified IPO rules approved**

The Daily Star, May 22, 2014

Bangladesh Securities and Exchange Commission approved a new IPO subscription process to make the procedure easy and less time-consuming. The stock market regulator will now send the new method of IPO (initial public offering) subscription to every stockbrokers, merchant banks and banks to take preparations to implement the new process. Stockbrokers, merchant banks and banks will inform the BSEC about the preparations by July 15, the regulator said in a statement after a meeting. Presently, the total IPO process, including listing, takes more than five weeks to complete, whereas it is only two days in India.

<http://www.thedailystar.net/business/simplified-ipo-rules-approved-25136>

### **ICB hands over BDT 200 crore in loans**

The Daily Star, May 26, 2014

The Investment Corporation of Bangladesh has disbursed around BDT 200 crore in loans so far to share investors affected by the market crash in 2011. The funds were part of a BDT 900-crore government refinancing scheme. State-run ICB, the scheme manager, disbursed the loans through nine merchant banks and stockbrokers. The finance ministry approved the BDT 900 crore schemes in August last year; the central bank handed over the first installment of BDT 300 crore to ICB. The ICB has so far sanctioned BDT 345 crore for the affected retail investors through 31 merchant banks and stockbrokers. Retail investors with less than BDT 10 lakh in exposure between January 2009 and November 2011 are eligible for the fund. ICB has received the fund at an interest rate of 5% from Bangladesh Bank and lent it out to merchant banks and stockbrokers at 7%. The merchant banks and the stockbrokers will disburse the funds among retail investors at a rate of 9%, while borrowers will be expected to clear installment payments every three months.

<http://www.thedailystar.net/business/icb-hands-over-tk-200cr-in-loans-25651>

### **Banks**

#### **High default loans pile pressure on banks**

The Daily Star, May 18, 2014

Banks are failing to bring down the lending rates to a single digit because of high default loans, NCC Bank Managing Director Golam Hafiz Ahmed said. The high default loans are preventing the banks from turning a big amount of interest into income. The banks charge more interest rates on credit to increase their profitability. NCC Bank made an operating profit of BDT 82.3 crore in the first quarter and its annual profit was BDT 379.63 crore last year.

<http://www.thedailystar.net/business/high-default-loans-pile-pressure-on-banks-24516>

### **Engineering**

#### **Re-rolling millers want 15% VAT on per tonne imported billet**

The Financial Express, May 15, 2014

Country's steel and re-rolling millers have placed a set of proposals including imposition of 15% value added tax (VAT) or raise the duty by another BDT 5,500 on import of per tonne of billet in the upcoming budget for fiscal year 2014-15 to help save the local industry. They also demanded withdrawal of BDT 800 advance income tax (AIT) on all materials, including ferrous waste and scrap, sponge iron and billet production. Leaders of Bangladesh Auto Re-rolling and Steel Mills Association (BARSMA), Bangladesh Steel Mill Owners' Association (BSMOA) and Bangladesh Re-rolling Mills Association (BRMA) put forward the demands at a press conference at the Dhaka Reporters' Unity. They urged the government to fix BDT 500 as duty on import of per tonne coarse powder, graphite powder and graphite electrode and to withdraw the 4.0% additional VAT deducted at source on suppliers of scrap raw materials for billet.

<http://www.thefinancialexpress-bd.com/2014/05/15/33997>

### **Leather**

#### **Leather industry hits record exports: USD 1 billion**

The Daily Star, May 14, 2014

The leather industry has crossed the record USD 1 billion marks in exports in the first ten months of this fiscal year on the back of competitive pricing and quality improvement. Between July and April, the leather industry exported USD 1.06 billion of products, whereas the exports receipts for the whole of fiscal 2012-13 stood at USD 980.67 million, according to data from the Export Promotion Bureau. Leather businessmen are now confident of meeting the export target of USD 1.21 billion set by the government for this year, and the sector will be able to earn as much as USD 2 billion next fiscal year if the present trend continues. Leather goods exports rose 70.14% to USD 197.36 million in the first ten months of this fiscal year, while it was 33.90% to USD 424.05 million in leather

and 30.24% to USD 443.54 million in footwear, EPB data shows.

<http://www.thedailystar.net/business/leather-industry-hits-record-exports-1b-23968>

#### **Tanners seek BDT 2.50 billion at low interest for relocation**

The Financial Express, May 20, 2014

Tanners have sought an allocation of BDT 2.50 billion from next budget so that they get loan from banks at lower rate of interest as subsidy. The Bangladesh Finished Leather, Leather Goods & Footwear Exporters Association (BFLLEA) sent a letter to Secretary of the Ministry of Finance (MoF), seeking the fund. The entrepreneurs of the sector are worried over relocation of tanneries without long-term loan. The term should be of 20 years with grace period. Rate of interest should be 4% like special agricultural credit that is disbursed for cultivation of pulses, oil seeds, spices and maize in the current fiscal. The government should give 6.0% interest rate subsidy to the banks so that they could get 10% in total when the banks disburse loan to tanners at 4.0% rate.

The tanners and the government signed a memorandum of understanding (MoU) in October last to ensure relocation of Hazaribag tanneries to the Savar Tannery Estate. According to the MoU, the government will provide BDT 2.5 billion as compensation to the tanners for relocation and give BDT 6.63 billion (80%) out of the total project cost. The relocation works of 155 tanners have already started from the city's Hazaribagh to Savar.

<http://www.thefinancialexpress-bd.com/2014/05/20/34863>

#### **Power**

#### **Barakatullah Electro doubles power generation capacity**

The Daily Star, May 23, 2014

Barakatullah Electro Dynamics Ltd (BEDL), a power generation company listed on the Dhaka Stock Exchange, has doubled its generation capacity. The company's share price rose 4.83% to BDT 30.4.

The company received a green light from Bangladesh Power Development Board for an additional capacity of 50.81 MW, taking the total generation capacity to 100.86 MW. BEDL will supply power to the national grid for 15 years through its project, Baraka Patenga Power that began commercial operations on May 4. It holds a 51% share in the oil-fired power plant that has eight units with a generation capacity of 6.984 MW each. BEDL's net profit rose 13.44% to BDT 17 crore in the nine months to March, from the same time in the previous year. The company's earnings per share stood at BDT 1.27 in the same period.

<http://www.thedailystar.net/newsarchive/barakatullah-electro-doubles-power-generation-capacity-25254>

#### **Country to have largest coal-based power project in Cox's Bazar**

The Financial Express, May 10, 2014

The government has undertaken a fresh 1200-megawatt (mw) coal-based power generation project at Matarbari in Cox's Bazar involving BDT 403.21 billion funds, aiming to reduce dependence on natural gas for electricity generation. Power Division has already sent the proposal for installing the Matarbari 600X2 mw ultra super critical coal-fired power plant to the Planning Commission for approval. They are now awaiting the ECNEC's (Executive Committee of the National Economic Council) approval for the launching work of the 1200mw coal-based plant, Bangladesh's largest, said a senior Power Division official. Bangladesh's largest bilateral donor Japan International Cooperation Agency (JICA) has agreed to bankroll the plant partially, providing nearly USD 3.7 billion worth of loans in a few tranches.

<http://www.thefinancialexpress-bd.com/2014/05/10/33139>

#### **Orion signs deals for generators for its 660 Mega Watts power plant**

The Daily Star, May 11, 2014

Orion Group has signed two separate agreements worth USD 191 million with GE of the USA and Doosan of South Korea for supply of steam and boiler turbine generators for its 660 MW coal-based power plant in Munshiganj. GE will provide the steam turbine



generator worth USD 66 million, while Doosan the boiler turbine generator worth USD 125 million for Orion Power Dhaka Ltd. Orion is currently operating 300MW heavy fuel oil-based power plants. The company is also implementing two 660MW coal-based private power plants in Dhaka and Khulna. Last month Orion signed similar agreements with Alstom of France and Doosan for its Khulna power plant worth USD 189 million. As per the agreements, Orion has made 2.5% down payments to these companies to prepare the primary designs of the turbines within four weeks.

<http://www.thedailystar.net/business/orion-signs-deals-for-generators-for-its-660mw-power-plant-23556>

## Telecommunication

### Funds pour into telecom, data processing

The Daily Star, May 4, 2014

LC Opening for Capital Machinery	
July-Feb in FY14	
Year on Year Growth in %	
Textile	-18.19
Leather	118.58
Jute	-5.77
Garments	14.79
Pharma	-17.52
Plastic	-20.47
Packing	-52.69
Telecom	309
Energy/Power	111
Ceramic/Melamine	318
Data Processing	145
Ship Building	-49
Steel and Engineering	58.65

Investment in some industries, including data processing and telecom, has been rising significantly although the trend of overall investment is still sluggish. Opening of letters of credit (LC) for capital machinery in the data processing industry rose by 145% year-on-year during the July-February period of the current fiscal year, according to Bangladesh Bank's special review on the import situation. During the same period, LC opening for import of capital machinery in the telecom industry surged by 309%. Settlement statistics also show that import of

machinery for the telecom sector rose by 62%. In September last year the government offered 3G licences to mobile operators. BB Governor said that the central bank gave a go-ahead to Banglalink for releasing corporate bonds worth USD 300 million. Grameenphone has also been given permission to take a big amount of foreign credit. Both IT-related activities and software exports are on the rise. As BASIS (Bangladesh Association of Software and Information Services) has targeted exporting software worth USD 1 billion per year, investment in the sector is increasing now.

<http://www.thedailystar.net/business/funds-pour-into-telecom-data-processing-22564>

### Editorial Panel

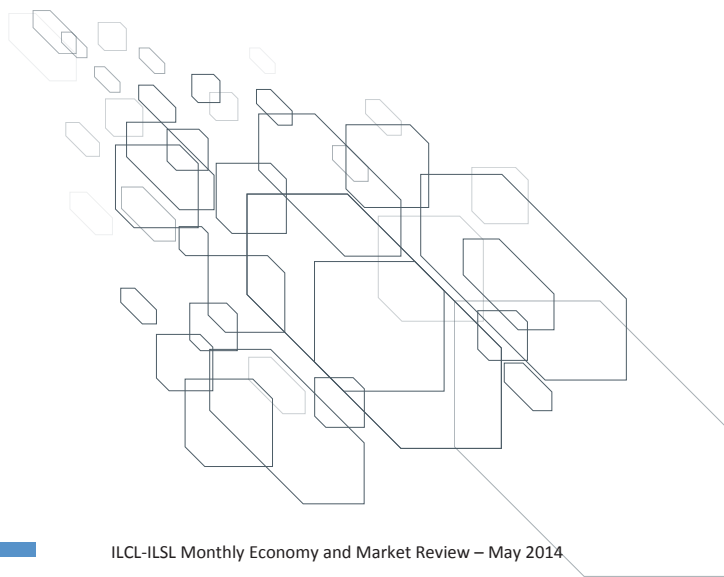
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- Valuation Report: Deliver extended fundamental analysis on particular stock
- IPO Note: Cover information regarding respective upcoming issue
- Performance of mutual fund: Contain information about NAV of all Mutual Funds with comparison of previous 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
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