ILCL-ILSL MONTHLY

Economy and Market Review

October : 2014 Issue : 14

Cement Industry : Growth & Prospects

IL CAPITAL LIMITED
YOUR INVESTMENT MANAGER

INTERNATIONAL LEASING SECURITIES LIMITED
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ILCL-ILSL MONTHLY

Economy and Market Review

October, 2014

Editorial

Welcome to our October 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 **Cement 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

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Economy Update

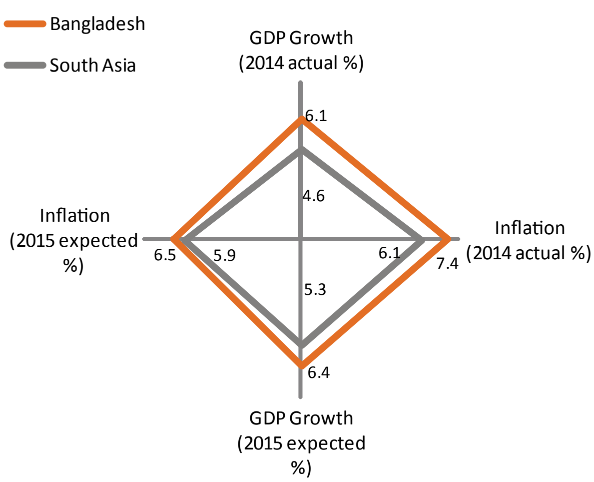
Summary

- ADB and World Bank has upgraded their FY2015 GDP growth estimates for Bangladesh at 6.4% and 6.2% respectively
- Headline inflation moderated further in September 2014 at 6.84%
- Trade deficit reached to USD 1.5 bn driven by 15.4% yoy import growth in August 2014
- FX reserves moderated from the August peak and reached to USD 21.8 bn in September 2014
- Average call money rate moderated to 6.9% in September 2014

Development Update

Macroeconomic front of Bangladesh has become much stronger and major international bodies have upgraded their development forecasts for FY2015. The country has exhibited considerable progress in poverty reduction and shared prosperity. The poverty incidence (based on USD 1.13 per capita per day poverty line) is projected decline from 31.5% in 2010 to 24.5% in 2015. According to the UN Development Report 2014, Bangladesh has been graduated to the Medium Human Development (MHD) from the Low Human Development (LHD) category in 2013.

GDP Growth and Inflation Regional Comparison



Source: Bloomberg, ADB and IL Capital Research

Inflation

The headline inflation stood at 6.84% in September 2014 on a point to point basis, which was 6.91% in the previous month. Both food and non-food inflation decreased during the period. The point-to-point food inflation was at 7.63% whereas Non-food inflation was 5.76%, which was 5.63% in the concerned month. Supply disruptions due to political unrest in the month of November could cause a reversal in food prices. However, falling international crude oil price could help stabilize the non-food inflation further.

Balance of Payment

Despite a lower trade deficit, current account surplus narrowed in FY2014 due to decline in remittance and increase in service account deficit. The surplus in BoP increased from USD 5.1 bn in FY2013 to USD 5.5 bn in FY 2014. However, due to 15.4% increase in imports in August 2014 yoy, trade deficit reached to USD 1.5 bn.

Foreign Exchange Reserve and Remittance

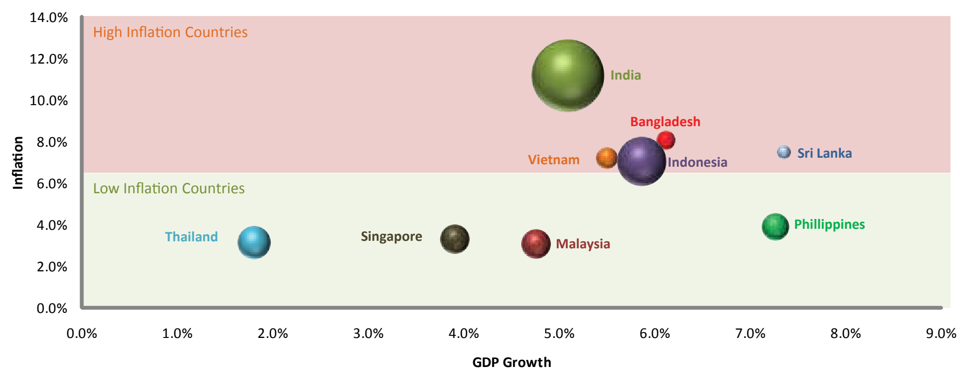
The foreign exchange reserve in September 2014 accounted for USD 21.8 billion, which was USD 22.1 billion in August 2014. On the other hand, remittance for the month of September 2014 reached to USD 1.06 billion, a 3.1% yoy growth from the corresponding month of 2013. The foreign direct investment also decreased to USD 1,550 million in the FY2014 from USD 1,726 million in the FY2013.

Money Supply and Financial Sector

The actual monetary growth rate decreased in August 2014 to 15.0% from 16.5% in the previous month with the decrease in interest rates as expected. The Private sector credit growth increased from 11.3% in July 2014 to 11.4% in August 2014. On the other hand, the Public sector credit growth increased to 11.2% in August 2014 from 10.3% in the previous month. Overall trend of interest rate was downward. Average lending rate has come down to 12.58% in September 2014 from the two years peak 13.95% in October 2012. Interest rate spread of the banking sector still hinges on 5%+ level.

GDP:

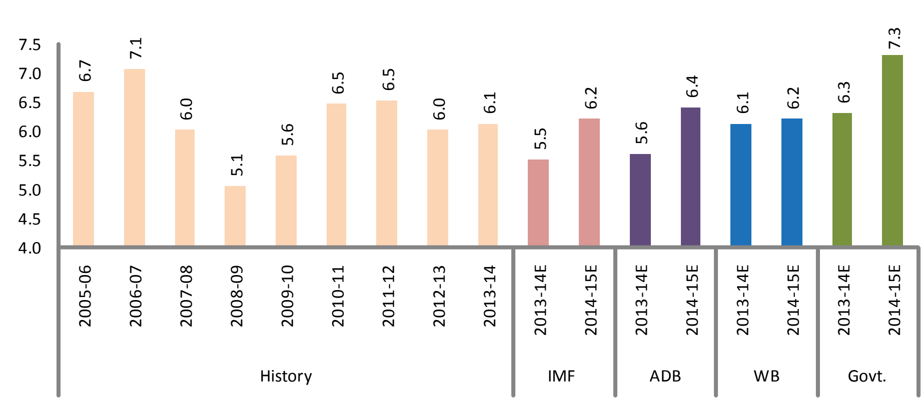
GDP Growth and Inflation by Countries in 2013 (%)



Note: Size of the ball represents GDP size (USD in bn) for the respective countries.

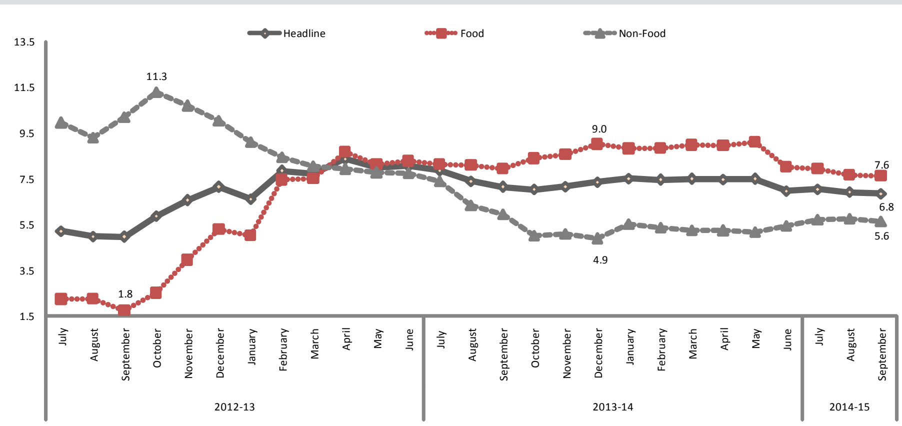
Source: World Bank Data and IL Capital Research

GDP Growth Rate (%) Base 2005-06



Inflation:

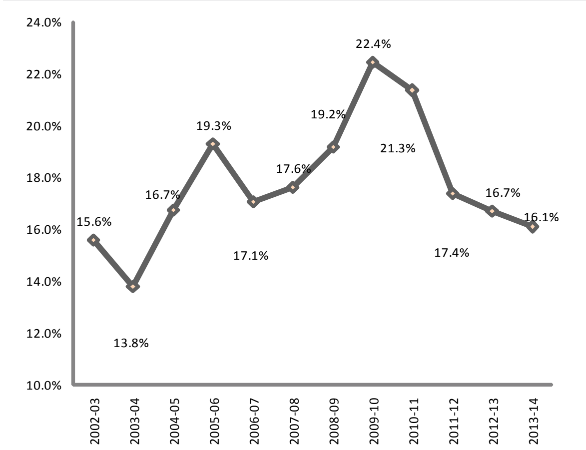
Inflation (%) Base 2005-06



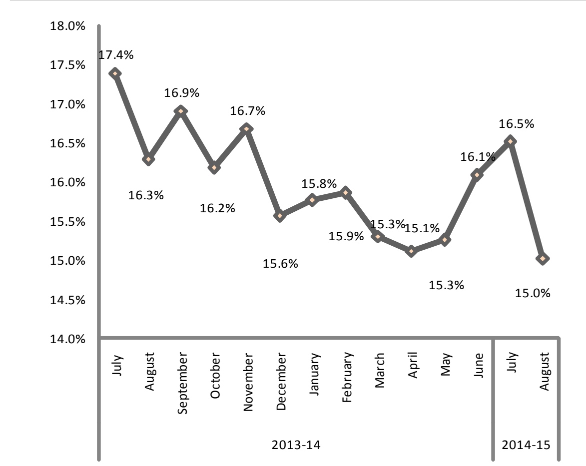
Source: Bangladesh Bank and IL Capital Research

Money Supply:

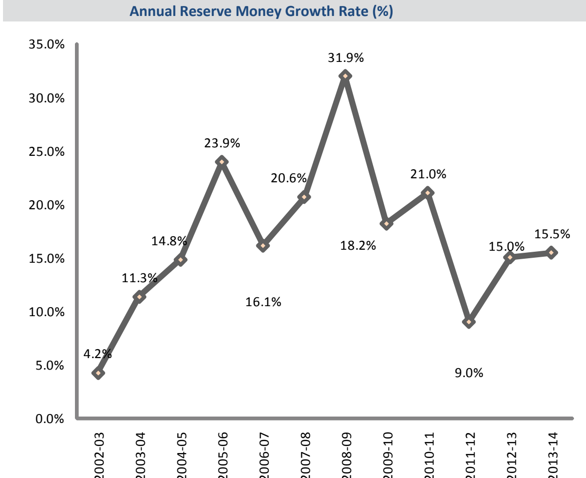
Annual Broad Money Supply (M2) Growth Rate (%)



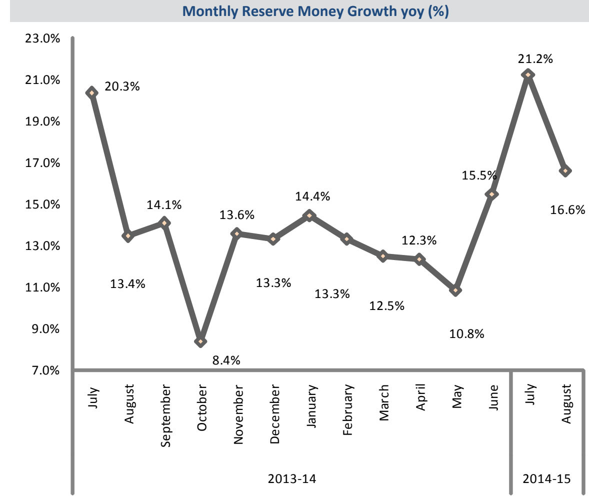
Monthly Broad Money Supply (M2) Growth yoy (%)



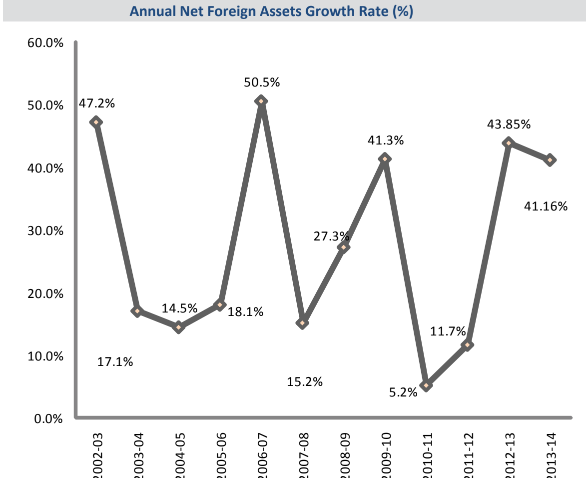
Annual Reserve Money Growth Rate (%)



Monthly Reserve Money Growth yoy (%)

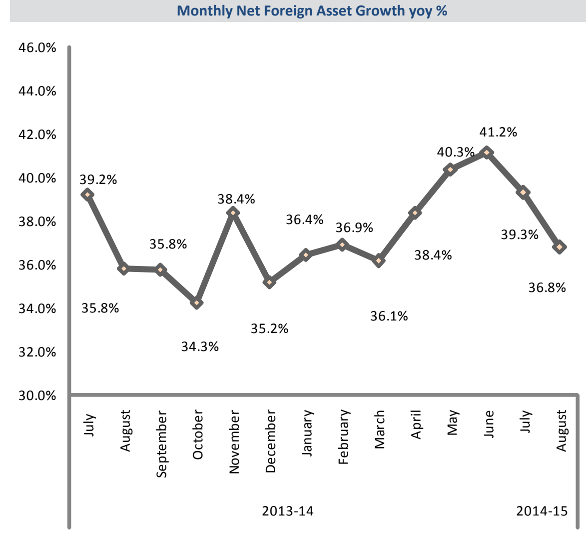


Annual Net Foreign Assets Growth Rate (%)



Source: Bangladesh Bank and IL Capital Research

Monthly Net Foreign Asset Growth yoy %



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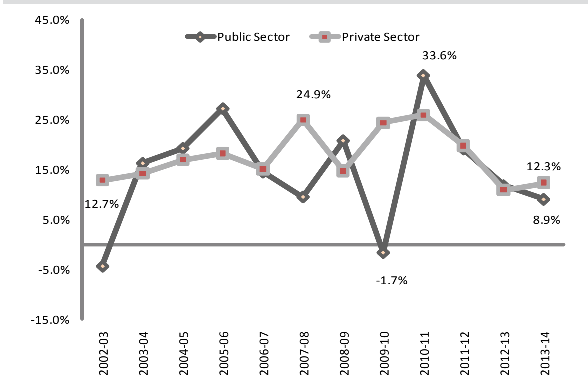
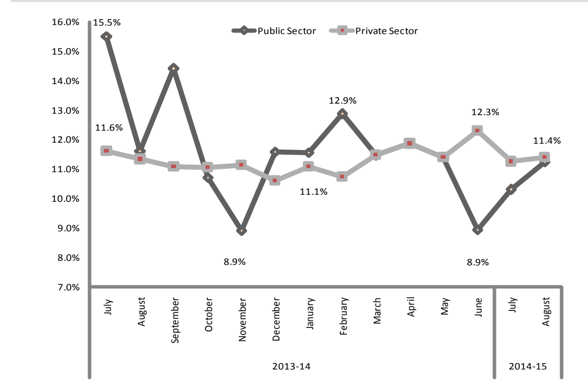
Money Supply (Continued):

Annual Public and Private Sector Credit Growth Rate (%)



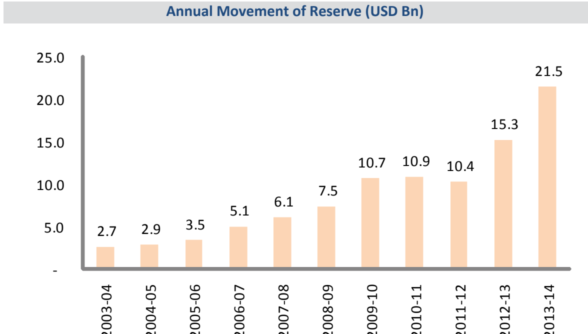
Monthly Public and Private Sector Credit Growth yoy (%)



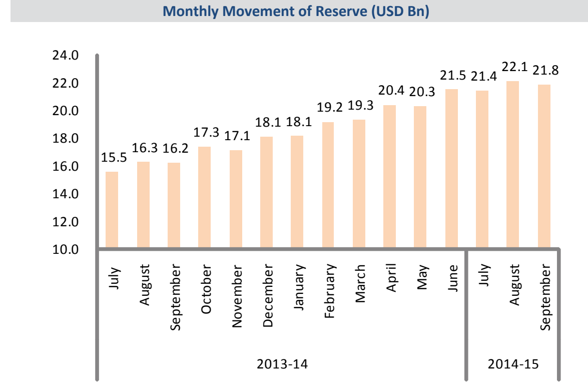
Monetary Aggregates Y-o-Y Growth (%)						
Items	Actual				Program	
	FY11	FY12	FY13	May 2014	Dec-14	Jun-15
Net Foreign Assets	6.2	7.2	50.4	39.1	30.3	16.8
Net Domestic Assets	24.7	19.3	11.0	9.9	12.4	16.4
Domestic Credit	28.2	19.2	10.9	10.1	13.8	17.3
Credit to the Public Sector (incl. Govt.)	38.3	17.4	11.1	5.3	12.9	24.8
Credit to the private sector	25.8	19.7	10.8	11.4	14	15.5
Broad money	21.4	17.4	16.7	15.2	16.0	16.5
Reserve money	21.0	9.0	15.0	10.8	15.5	16.0

Reserve:

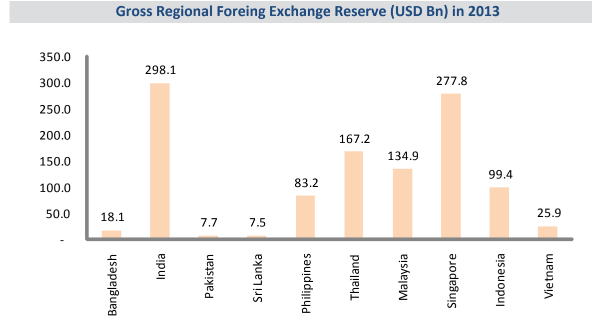
Annual Movement of Reserve (USD Bn)



Monthly Movement of Reserve (USD Bn)



Gross Regional Foreing Exchange Reserve (USD Bn) in 2013



Source: Bangladesh Bank and IL Capital Research

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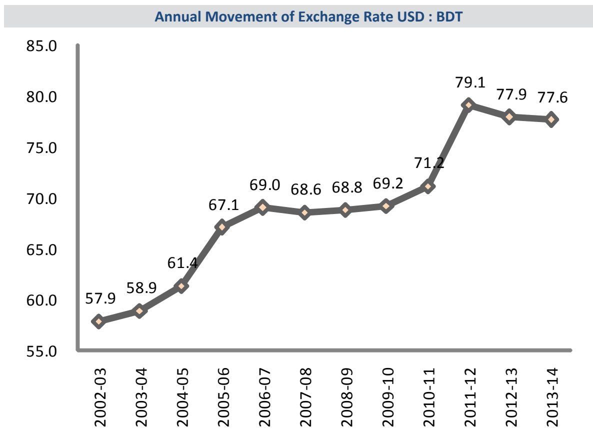
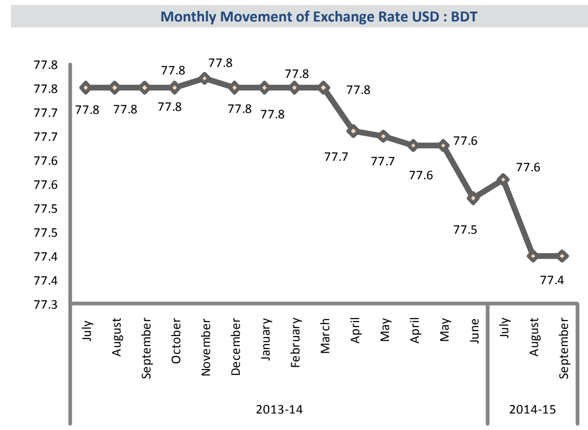
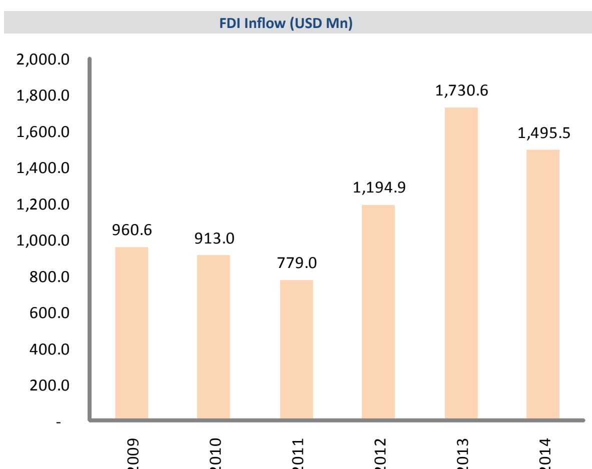
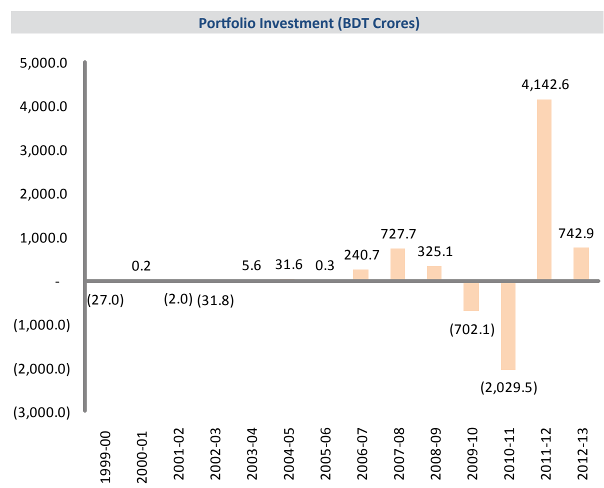
Exchange Rate:





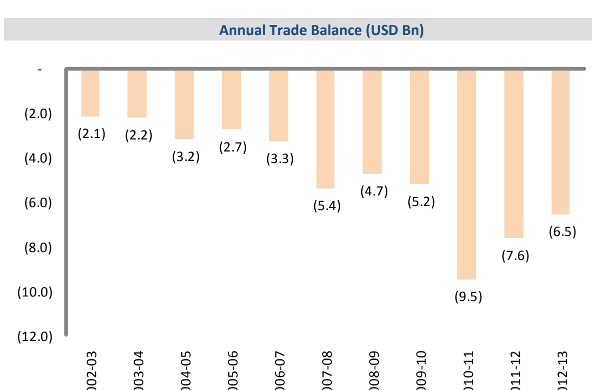
FDI Inflow and Portfolio Investment:

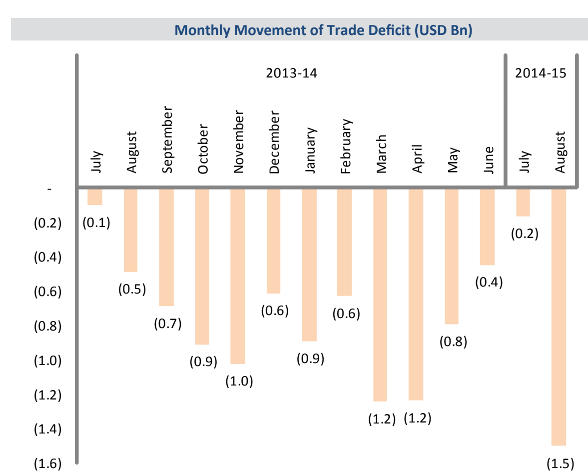




Source: Bangladesh Bank and IL Capital Research.

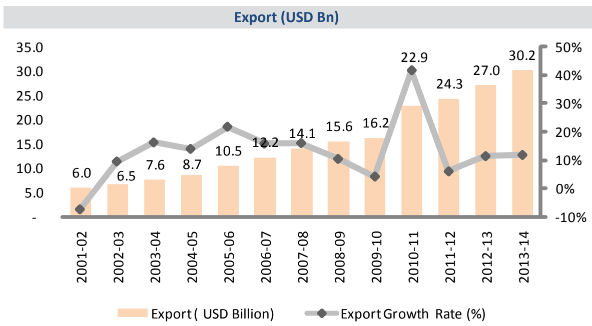
International Trade:

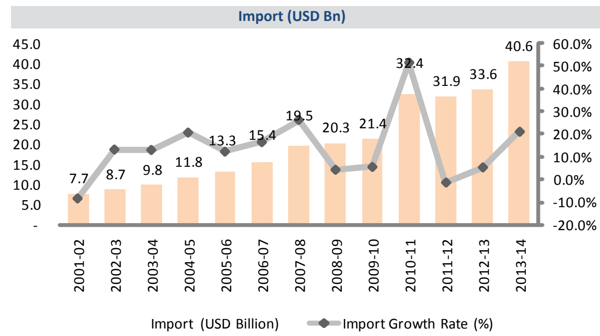


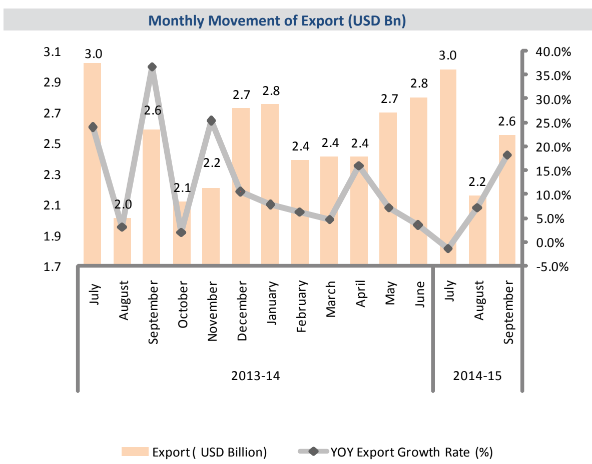


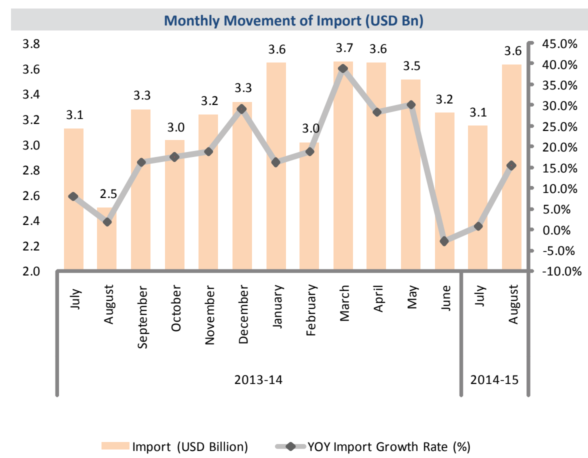
Source: Bangladesh Bank and IL Capital Research

International Trade (Continued):



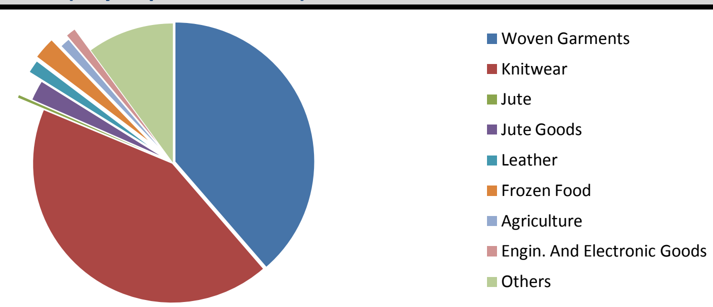




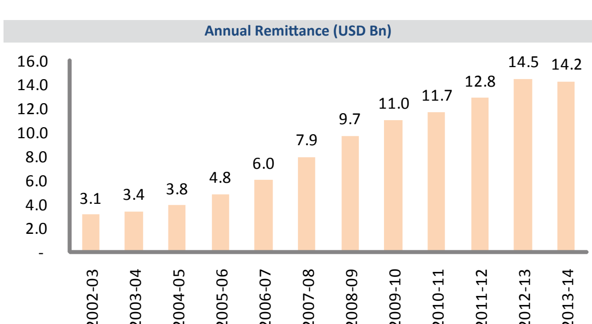


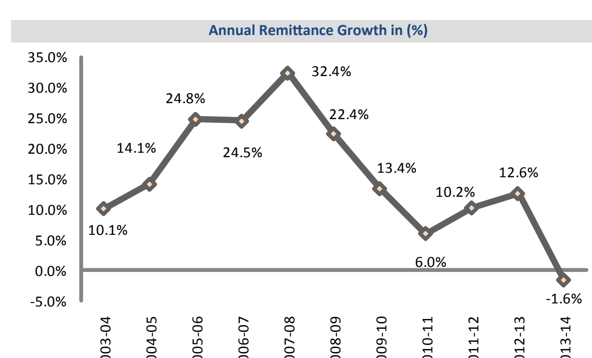
Export Basket (July-September 2014)

Woven Garments	38.6%
Knitwear	42.6%
Jute	0.3%
Jute Goods	2.3%
Leather	1.4%
Frozen Food	2.5%
Agriculture	1.1%
Engin. And Electronic Goods	1.1%
Others	10.1%



Remittance:





Source: Bangladesh Bank and IL Capital Research

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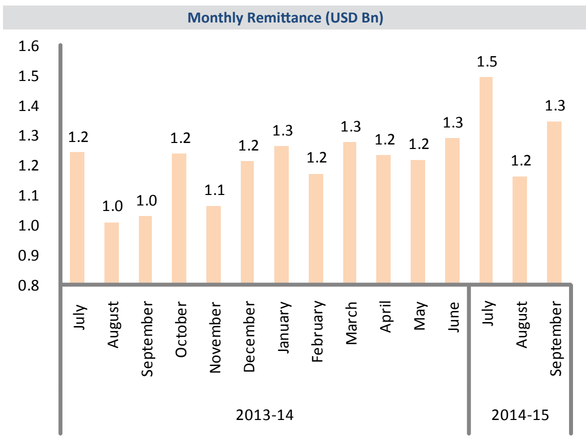
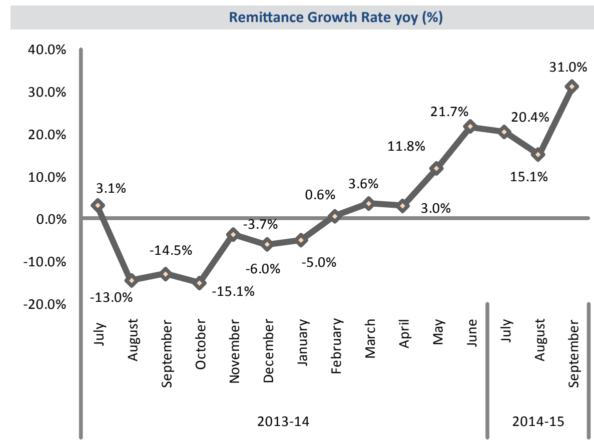
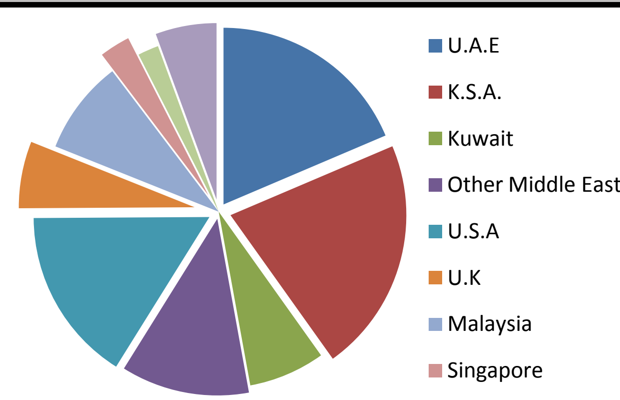
Remittance (Continued):



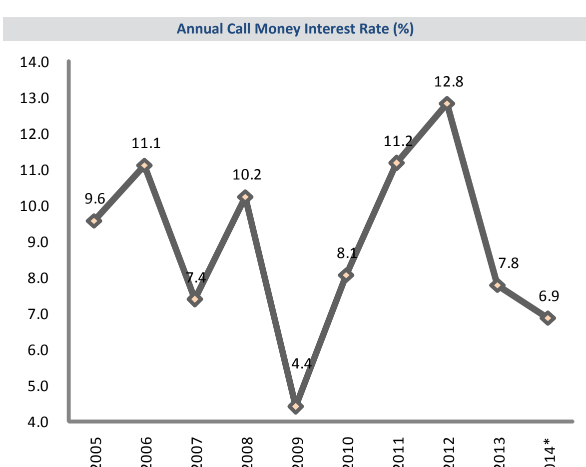


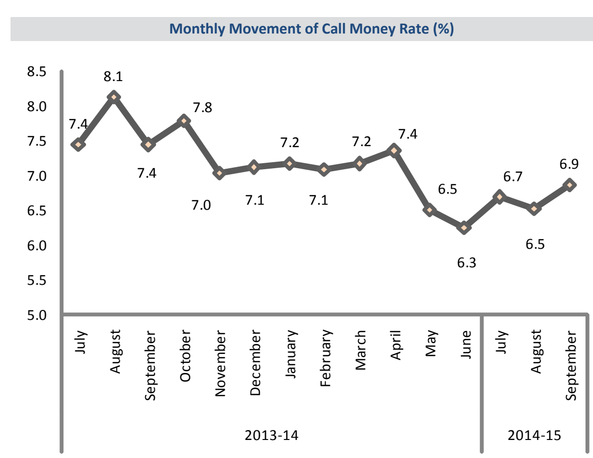
Remittance Composition (September 2014)

U.A.E	18.6%
K.S.A.	21.5%
Kuwait	7.0%
Other Middle East	11.8%
U.S.A	16.0%
U.K	6.1%
Malaysia	8.6%
Singapore	2.8%
Italy	1.9%
Others	5.6%



Interest Rate:



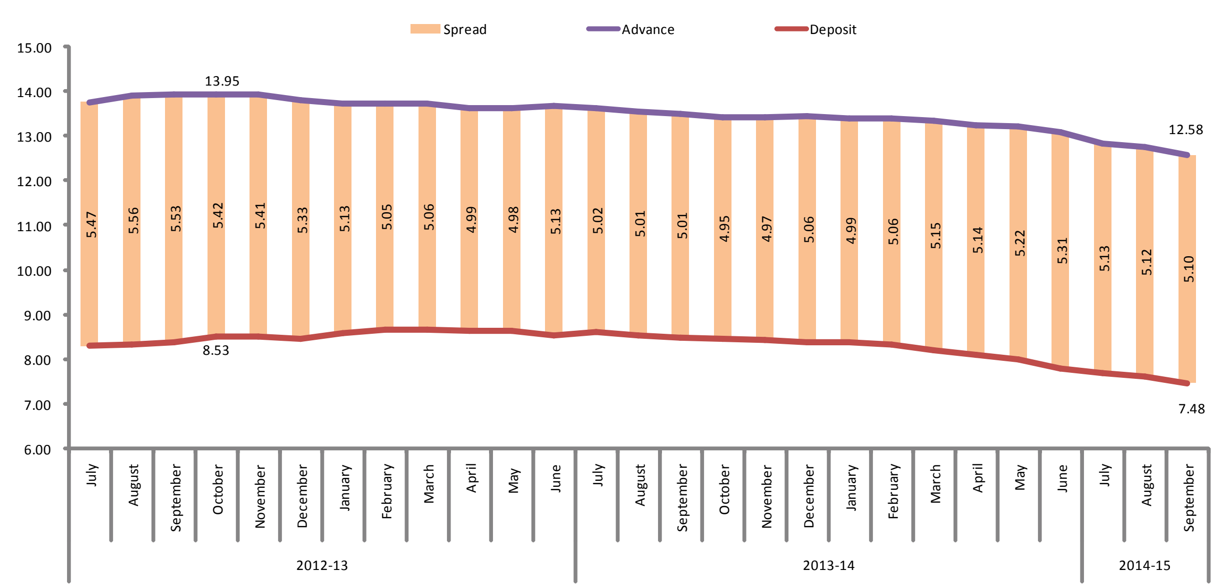


* Data up to September 2014

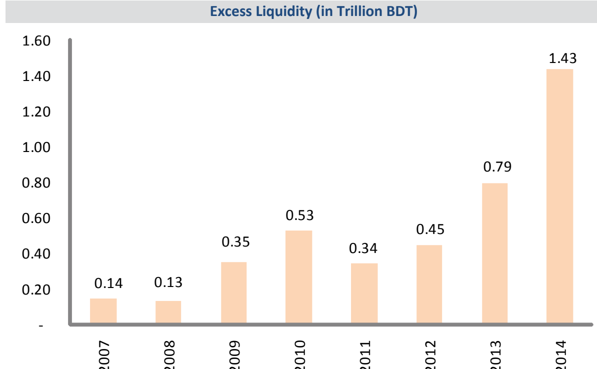
Source: Bangladesh Bank and IL Capital Research

Interest Rate (Continued):

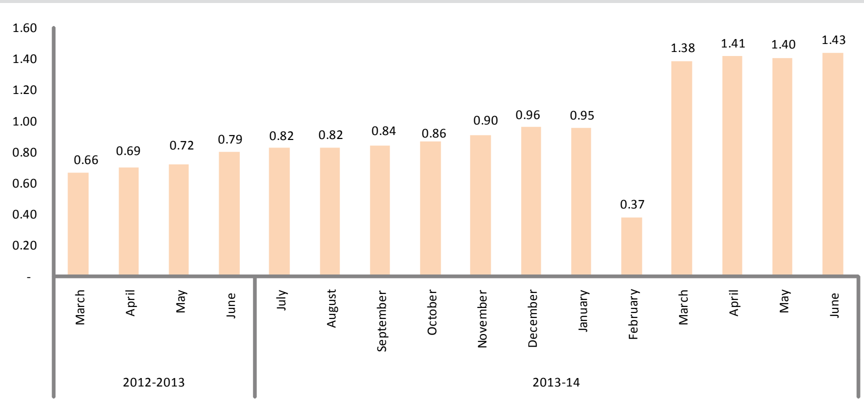
Lending Rate , Deposit Rate and Spread (%)



Excess Liquidity (in Trillion BDT)



Excess Liquidity (in Trillion BDT)



Source: Bangladesh Bank and IL Capital Research

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Dividend Reinvestment of Mutual Funds in Bangladesh

Dividend Reinvestment Plan is a practice or agreement in which dividends on a security are used to buy more of the same security rather than be disbursed to the investor in cash. A dividend reinvestment plan is relatively common in mutual funds; investors agree to use dividends and other capital gains to reinvest in more units of the mutual fund. While this involves assuming more risk in the mutual fund, it carries the possibility of higher returns.

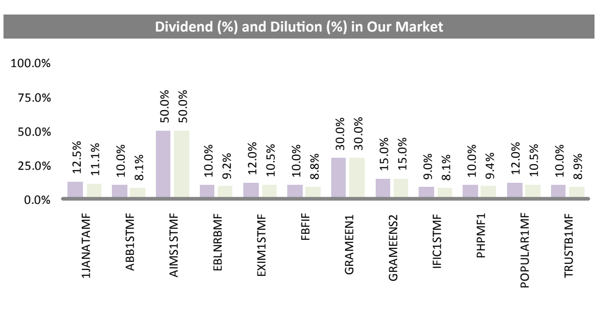
Dividend Reinvestment of Listed Mutual Fund Units-2014

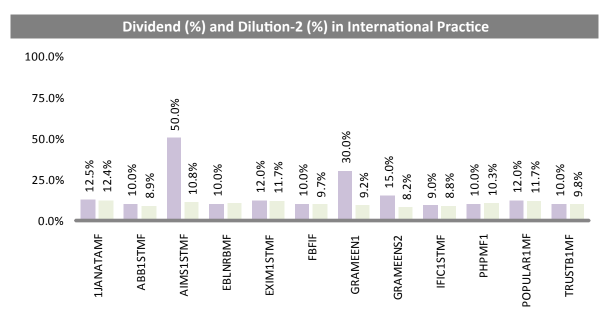
SL	Fund Name	Face Value (BDT)	Old No. of Units (mn)	NAV/Unit (BDT)	Total NAV (BDT mn)	Dividend (%)	Dividend (BDT mn)	Issue Price (BDT)	Units Issued (mn)	Dilution(%)	Dilution-2(%)
1	1JANATAMF	10.0	200.00	11.30	2,260.00	12.5%	250.00	11.30	22.12	11.1%	12.4%
2	ABB1STMF	10.0	162.62	12.27	1,995.29	10.0%	162.62	12.27	13.25	8.1%	8.9%
3	AIMS1STMF	10.0	41.45	51.13	2,119.34	50.0%	207.25	10.00	20.73	50.0%	10.8%
4	EBLNRBMF	10.0	162.73	10.90	1,773.79	10.0%	162.73	10.90	14.93	9.2%	10.1%
5	EXIM1STMF	10.0	100.00	11.48	1,148.00	12.0%	120.00	11.48	10.45	10.5%	11.7%
6	FBFIF	10.0	551.37	11.36	6,263.56	10.0%	551.37	11.36	48.54	8.8%	9.7%
7	GRAMEEN1	10.0	25.50	35.64	908.82	30.0%	76.50	10.00	7.65	30.0%	9.2%
8	GRAMEENS2	10.0	137.50	19.78	2,719.75	15.0%	206.25	10.00	20.63	15.0%	8.2%
9	IFIC1STMF	10.0	130.49	11.09	1,447.13	9.0%	117.44	11.09	10.59	8.1%	8.8%
10	PHPMF1	10.0	200.00	10.67	2,134.00	10.0%	200.00	10.67	18.74	9.4%	10.3%
11	POPULAR1MF	10.0	204.72	11.47	2,348.15	12.0%	245.67	11.47	21.42	10.5%	11.7%
12	TRUSTB1MF	10.0	217.45	11.19	2,433.29	10.0%	217.45	11.19	19.43	8.9%	9.8%

Note: NAV/Unit as on August 31, 2014 (Last published NAV/Unit before record date); Dilution-2 indicates the dilution impact if new units are issued at "ex-dividend net asset value per unit" in stead of "cum-dividend net asset value per unit".

Source: Dhaka Stock Exchange and IL Capital Research

There are 41 mutual funds currently listed in Dhaka Stock Exchange managed by six different Asset Management Companies. In the year 2014 twelve of these funds have declared dividend in the form of Re-Investments Units to be issued at a valuation of last published NAV per unit before record date. This is only the second time for this type of dividend in Bangladesh after for the first time some 12 mutual funds declared dividend through this scheme in 2013.





Source: Dhaka Stock Exchange and IL Capital Research

In this form of reinvestments, the dividend is paid on face value and then the dividend amount is considered to issue new additional units at a valuation of "last published net asset value per unit" before record date, which creates less dilution to the net asset value per unit. However, AIMS1STMF, GRAMEEN1 and GRAMEENS2 have issued new units at face value and the dilution impact has been similar to conventional stock dividend for these three funds.

Furthermore, the dilution impact between the issuer and the investors can be balanced through issuing new units at ex-dividend net asset value per unit. Which means, dividends are calculated on the basis of face value per unit and the additional new units for the unit holders are issued at a valuation of "cum-dividend net asset value per unit minus dividend amount per unit" so that the unit holders receive additional mutual fund units considering the aftermath of dividend distribution. This alternative method is widely used in international market.

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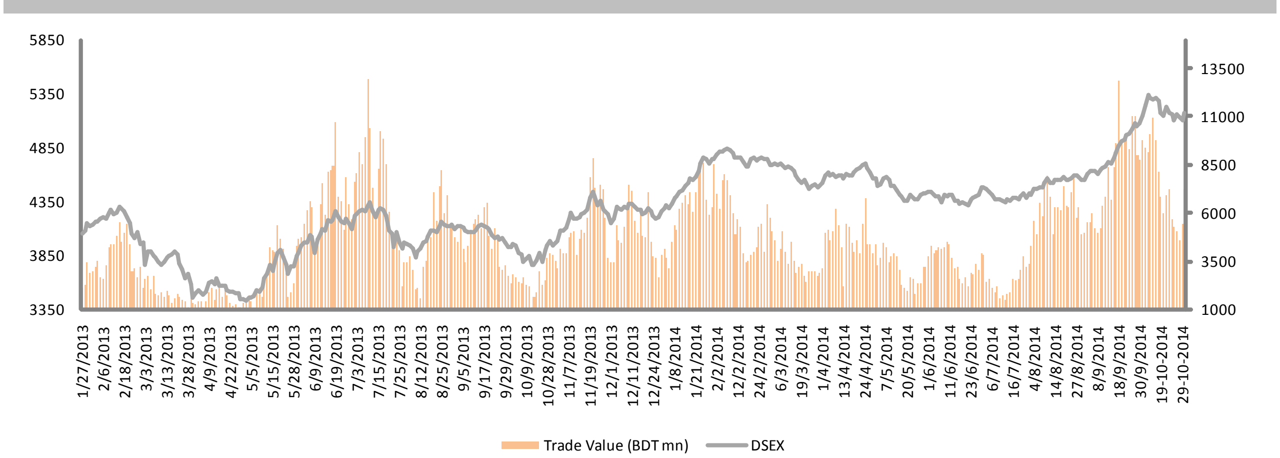
MARKET UPDATE:

- The benchmark index of Dhaka Stock Exchange (DSEX) gained 21.3% in last ten months.
- During the month of October 2014, Market (DSEX) closed up by 1.9%, mainly driven by the up-trend in share prices of Tannery & Footwear, Real Estate & Service, Fuel & Power, Banks and NBFIs.
- The major sectors that gained during the month of October 2014 were Tannery & Footwear (9.1%), Real Estate & Service (8.9%), Fuel & Power (7.8%), Banks (5.2%) and NBFIs (5.0%).
- On the other hand, the major loser sectors were Ceramics (-4.6%), Engineering (-2.7%) and Telecommunication (-1.9%) in October 2014.
- Among the companies traded in the Dhaka Stock Exchange (DSE), Alltex Industries (172.2%), Shahjibazar Power (133.4%), Quasem Drycells (39.0%), Khulna Printing & Packaging (39.0%) and Khulna Power Company (29.5%) were the top gainers in October 2014.
- On the other hand, major loser companies were Padma Islami Life Insurance (-21.6%), Fu Wang Food (-17.1%), National Housing Finance and Investments (-12.9%) and LankaBangla Finance Limited (-11.8%) in October 2014.
- During the month of October 2014 the average daily turnover of Dhaka Stock Exchange was down by 11.9% to BDT 7.28bn form BDT 8.26bn in September 2014. Average daily turnover of Fuel & Power sector increased by 37.1% followed by Banks (31.9%) and NBFIs (22.9%) in October 2014. However, average daily turnover of ITs, Real Estate & Service, Engineering and Cements sector declined by 52.5%, 46.8%, 46.6% and 23.6% respectively in the same period.
- There are sectors who have outperformed DSEX Year-To-Date namely Cements by 112.1%, Telecommunication by 56.6%, Foods by 36.8%, Real Estate & Services by 33.5% and Pharma & Chemical 31.4% as of October 30, 2014.
- On the other hand, Travel & leisure, Textiles, Mutual Funds, Insurance, and Banks have underperformed DSEX Year-To-Date as of October30, 2014 by 39.6%, 37.7%, 32.0%, 29.7% and 21.4% respectively.
- Market capitalization of DSE increased by 2.1% to BDT 3.40 trillion (USD 43.64 billion) as of October 30, 2014 from BDT 3.33 trillion (USD 42.89 billion) in September 2014.

DSEX and Turnover movement in DSE



Sources: DSE and IL Capital Research

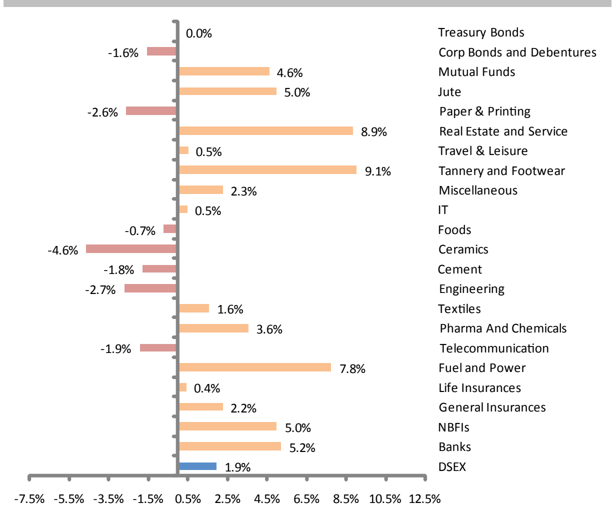
Market Capitalization of DSE

Instruments	30-Oct-14			30-Sep-14			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,806,284.0	36,093.7	82.7%	2,749,108.5	35,358.3	82.4%	2.1%
Debt Securities	555,067.9	7,139.1	16.4%	555,186.2	7,140.7	16.6%	0.0%
Mutual Fund	31,729.7	408.1	0.9%	30,335.5	390.2	0.9%	4.6%
Total	3,393,081.6	43,640.9	100.0%	3,334,630.2	42,889.1	100.0%	1.8%

Note: Exchange Rate USD 1 : BDT **77.75**

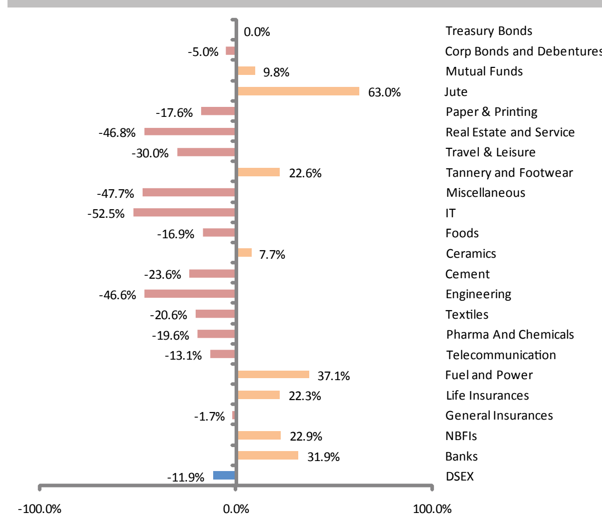
Source: DSE and IL Capital Research

DSEX and Sectors Movement in DSE (Monthly)



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

Average Tunrover Movement in DSE (Monthly)



Note: Average Turnover excludes Block and Oddlot Market transaction

Source: DSE and IL Capital Research

Top Gainers This Month

1	ALLTEX	172.2%
2	SPCL	133.4%
3	QSMDRYCELL	39.0%
4	KPPL	39.0%
5	KPCL	29.5%
6	MODERNDYE	29.2%
7	SAIFPOWER	27.9%
8	FAREASTFIN	27.2%
9	SHURWID	26.9%
10	ISLAMICFIN	26.9%

Top Losers This Month

1	PADMALIFE	-21.6%
2	FUWANGFOOD	-17.1%
3	NHFIL	-12.9%
4	LANKABAFIN	-11.8%
5	BSRMSTEEL	-11.3%
6	APEXTANRY	-10.8%
7	CVOPRL	-10.4%
8	RAHIMAFOOD	-10.4%
9	EHL	-9.6%
10	BANKASIA	-9.5%

Source: DSE and IL Capital Research

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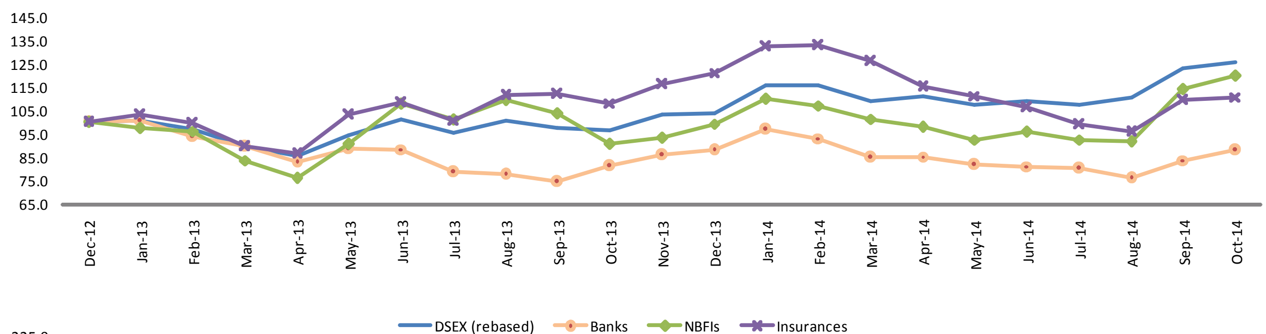
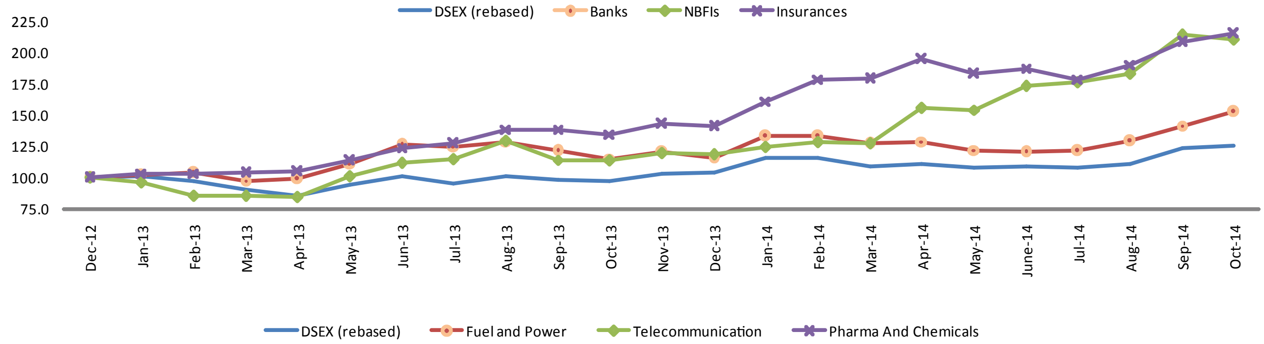
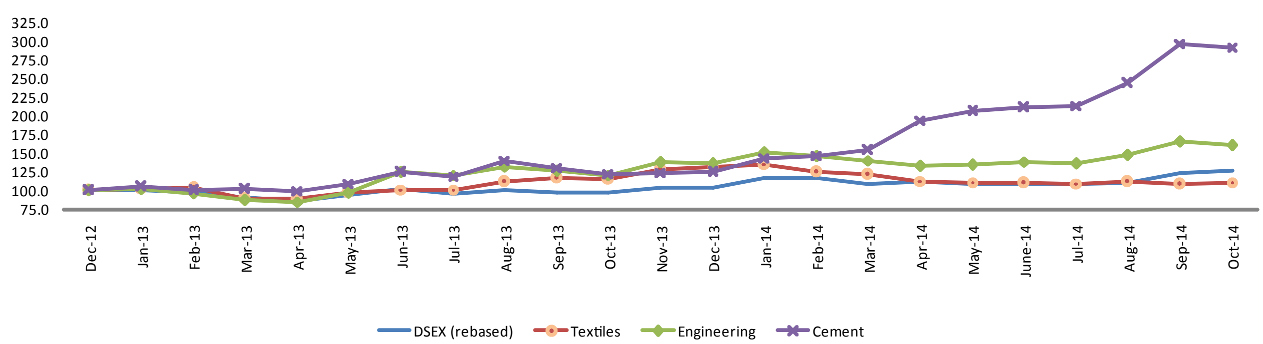
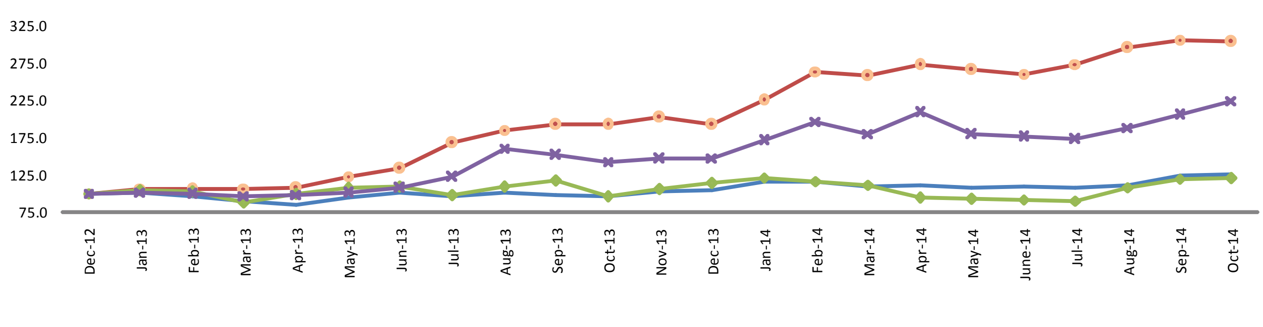
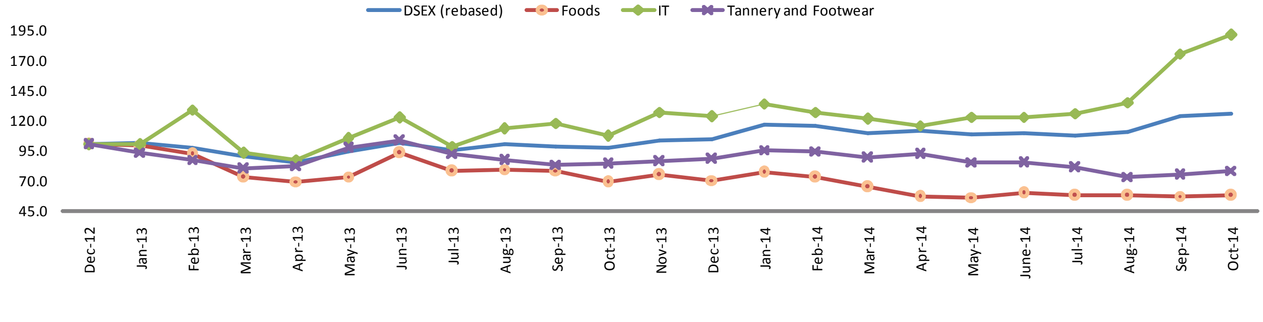
DSEX vs Sectors Movement (Base Value: 100)



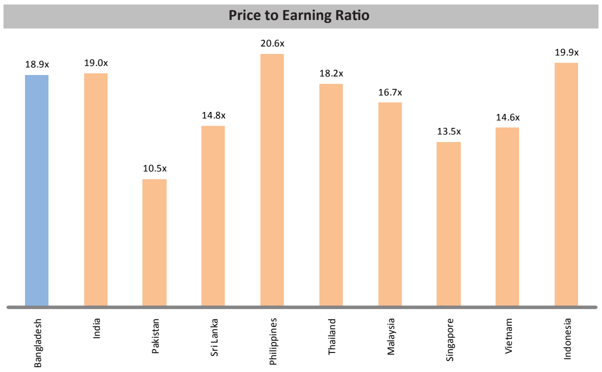


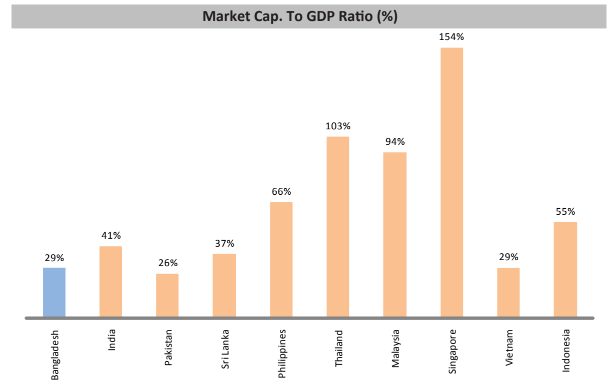


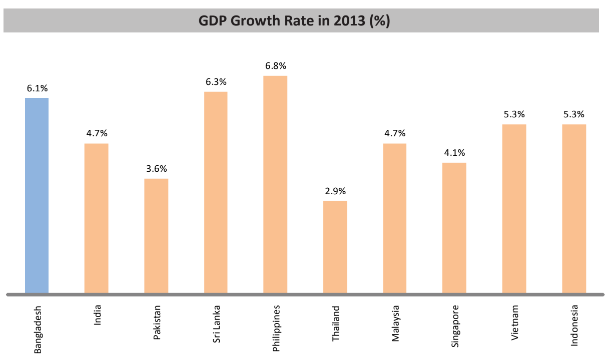


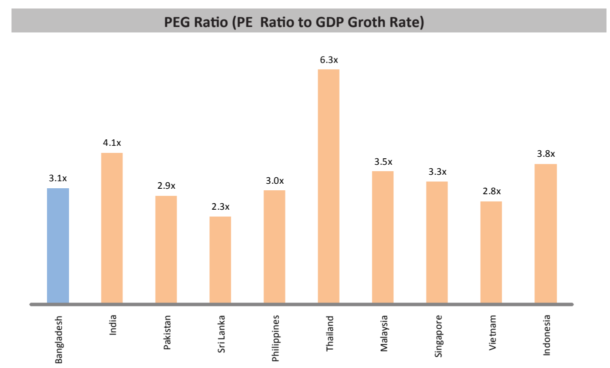


Note: The sector Indices are market capitalization weighted indices. Should you require any further clarification over index calculation methodology, please don't hesitate to contact IL Capital Research Team.









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 October 2014, Bangladesh (DSE) is trading at 18.9x P/E, lower than that of Philippine (20.6%) and Indonesia (19.9x). However, Bangladesh (DSE) is trading higher than that of Singapore (13.5x), Sri Lanka (14.8x) and Malaysia (16.7x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on October 2014 is 3.1x which is lower than that of Singapore (3.3x), Malaysia (3.5x), Indonesia (3.8x) and India (4.1x).

Regional Market Comparables

Country	Index Symbol	Index Point	52-Week Low	52-Week High	PE Ratio	PEG Ratio	M. Cap (USD bn)
Bangladesh	DSEX	5,173	3.94K	5.37K	18.9x	3.1x	43.7
India	SENSEX	27,210	19.96K	27.35K	19.0x	4.1x	726.7
Pakistan	KSE100	30,107	22.20K	30.64K	10.5x	2.9x	60.8
Sri Lanka	CSEALL	7,289	5.74K	7.43K	14.8x	2.3x	23.8
Philippines	PCOMP	7,122	5.71K	7.41K	20.6x	3.0x	179.7
Thailand	SET	1,565	1.21K	1.60K	18.2x	6.3x	439.4
Malaysia	FBMKLCI	1,843	1.77K	1.90K	16.7x	3.5x	321.1
Singapore	FSSTI	3,222	2.95K	3.39K	13.5x	3.3x	416.1
Vietnam	VNINDEX	592	0.49K	0.65K	14.6x	2.8x	49.2
Indonesia	JCI	5,040	4.11K	5.26K	19.9x	3.8x	474.4

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

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- Uphold Professional and Ethical Manner
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Bangladesh Cement Sector Overview

The cement sector of Bangladesh transformed itself from import dependence to export oriented within a decade. Till 1990, about 95% of the country's demand for cement had been met through imports[1]. The Chhatak Cement Company was the only cement production facility with a capacity of 135,000 MT annually. In 2000, it increased its capacity to 233,000 MT[1]. Since the early 2000s, cement consumption more than doubled and cement production boomed as many cement plants sprung up across the country.

The country has been experiencing an impressive growth in cement consumption due to the development of real estate sector and infrastructural facilities. Over 43 factories, including several multinationals, are in regular production. Currently Bangladesh is the 40th largest market in the world[1].

According to provisional data from the Bangladesh Bureau of Statistics, the construction sector of Bangladesh grew at a compound annual growth rate (CAGR) of 6.8% in the last 5 years. Moreover, the sector accounted for a record 9.1% of GDP (Gross Domestic Product) in fiscal year (FY) 2012/13.

Construction Sector of Bangladesh

	2009-10	2010-11	2011-12	2012-13
Size of Construction Sector (BDT mn)	317,298	337,952	363,523	392,802
Share of GDP @ Constant Prices	8.8%	8.8%	8.9%	9.1%
Growth Rate	6.0%	6.5%	7.6%	8.1%

Source: Bangladesh Bureau of Statistics

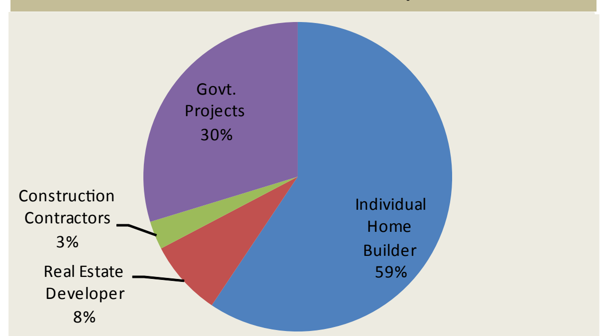
As cement industry is an important part of the construction sector, industry experts expect that, the country's cement industry would enjoy a vigorous growth in the upcoming years.

Installed Capacity, Production & Consumption

The country is self-sufficient in fulfilling its local demand for cement. In fact, the installed production capacity is higher than the local demand. In 2005, the demand was 8.13 mn MT against a production capacity of 12 mn MT[1] whereas in 2013, the demand stood at 18 mn MT against the existing production capacity of 29 mn MT[2].

According to Bangladesh Cement Manufacturers Association (BCMA) data, out of total production, 60% cement is consumed in Dhaka division, 20% in Chittagong division and the rest in other divisions. Two-thirds of the cement consumption is skewed towards Independent Home Builders in the major cities. Real Estate and Government's development expenditure would stand next to that.

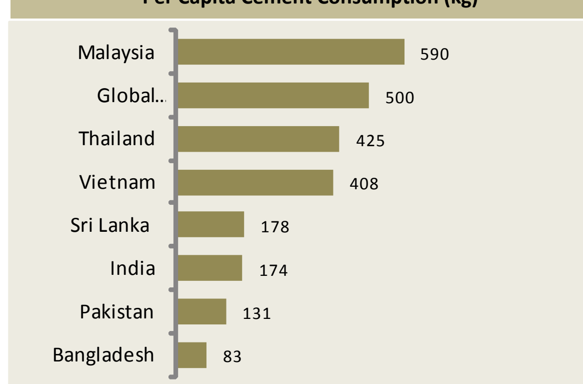
Cement Consumer Groups



Source: Published report of Listed Stock

Per capita cement consumption in Bangladesh is about 83 KG, which is massively low compared to India (174 KG), Malaysia (590 KG), Pakistan (131 KG), Thailand (425 KG), Sri Lanka (178 KG) and Vietnam (408 KG). Currently, the global average consumption of cement stands at around 500 kg.

Per Capita Cement Consumption (kg)



Source: The Economist Intelligence Unit (EIU) of The Economist

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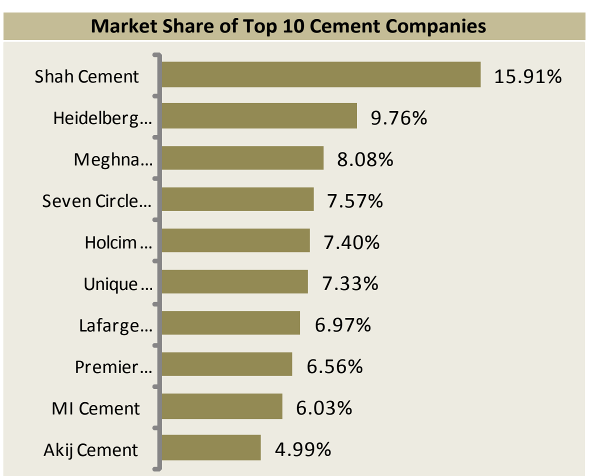
Sector Players

Of the 43 factories are in production, some of the world's largest cement companies, including Lafarge (France), Heidelberg (Germany), Holcim (Switzerland) and Cemex (Mexico), operate in the country. The two global cement giants, Lafarge and Holcim, are merging to create the biggest global concrete group. The deal will be based on the offer of one Holcim share for one Lafarge share. This will change the competitive landscape of the country's cement industry.

Now, local companies have around 80% of market share while foreign companies are enjoying the rest 20%. Despite having more than 40 active players inclusive of both locals and multinationals, the market is dominated by only a few. According to Bangladesh Cement Manufacturers Association (BCMA), in 2012, top 10 firms held almost 81% of market share, with leading position seized by Shah Cement (15.91%) followed by Heidelberg Cement (9.76%) and Meghna Cement (8.08%).



Source: BCMA, 2012

Sector Players

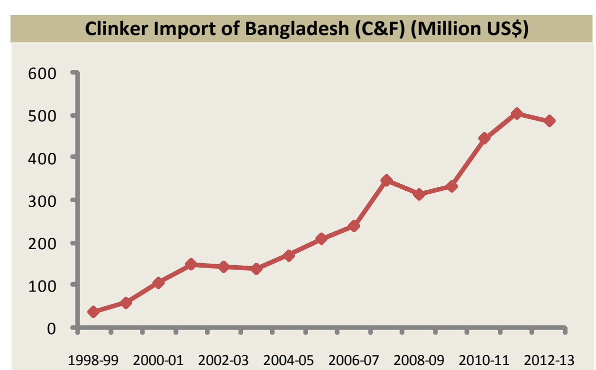
Ordinary Portland Cement (OPC) was the only cement available in Bangladesh till 2002 which is made following the American Standard Method (ASTM). From 2003, the widely used cement is Portland Composite Cement (PCC) which is made following the European Standard Methods (EN), known as BDS EN. Currently, the ratio of production of PCC and OPC is around 95:5. The basic difference is the raw material. Around 65%-80% of clinker is applied to produce PCC where 95% of clinker is required to produce OPC. As PCC requires less clinker to produce, it has become more popular than OPC.

Raw materials & related factors affecting cost

Cement is used as a binder material. Its basic element is clinker. Fly ash, slag, gypsum etc. are also used in the production. These ingredients include both naturally occurring materials such as limestone and clay, and industrial byproduct materials such as slag and fly ash.

Source: CRAB rating report, MI Cement

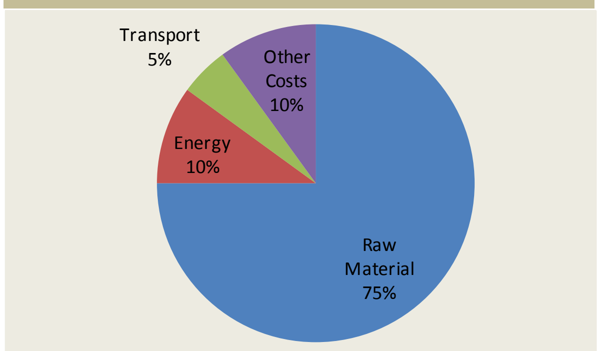
The country does not have any clinker (core ingredient in producing cement) of its own. So an estimated 10mn–15mnMT of clinker are imported every year from India, Thailand, Indonesia, Philippines, China, Vietnam and Malaysia etc[3]. All the companies import clinker from abroad, except Lafarge-Surma Cement. It extracts clinker through one of its subsidiaries, situated in India.



Source: Bangladesh Bank

In the cement manufacturing, raw materials account for an estimated 75% of the total production cost, followed by energy (10%), transport (5%) and other costs (10%).

Cost Distribution of a Cement Manufacturer



Source: Newspaper Report, 2013

Bangladesh started exporting cement in 2003. The main export market is the northeastern states of India including Tripura, Meghalaya, east and western area of Assam. M.I. Cement Factory Ltd. is the pioneer in this regard and it is the largest cement exporter in Bangladesh. Its brand Crown Cement constitutes around 40% of the export market[1].

According to Export Promotion Bureau (EPB), in July-June 2013-14, the country exported cement worth US$5.48mn. On an average 15,000-20,000 MT of cement is exported to India in every month.

Characteristics of the Industry

- The cement industry is highly capital intensive. Huge investment is needed to set up a unit with backward and forward linkage facilities. It will cost around BDT 1,000 crore, if a unit has the capacity to produce 10,000 MT of cement a day with adequate backward and forward linkages[1]. The backward and forward linkages refer to the transportation of raw materials and shipment of finished products by a company's own transportation chain, in which, ocean going vessels are included. Since the capital intensity of a new cement project is high, access to capital has become a significant entry barrier.

- This industry is energy intensive. Thus power cost is one of the critical cost components in cement manufacturing.

- As the industry being cyclical in nature, the market and consumption are closely linked to the climatic cycles. In Bangladesh, cement production normally peaks in winter while it is at its lowest in the rainy season.

Competitive Structure of the Industry

The threat of new entrants in the industry: Capital requirement for cement industry is quiet high. Moreover, the industry runs with excess capacity. Since product is more or less homogeneous, its switching cost for the customer is low. Considering the situation, the chance of entering new participants in the sector in near future is quite **low**.

The threat of substitute products: Pre-Engineered Steel Building is considered as substitute, to some extent, of traditional cement made building. So far, the customers' propensity for the use of traditional building is still higher which imply that threat of substitute product is **low**.

The bargaining power of buyers: Around 60% buyers (individual home builders) of the industry's product are fragmented which reduce the bargaining power of buyers. However, large buyer, i.e., the Government, might have competitive edge over cement manufacturers. Therefore, **moderate** bargaining power of buyers is present.

The bargaining power of suppliers: The raw material for cement i.e., clinker, gypsum, fly ash and slag are imported from Thailand, China, Vietnam, Indonesia, India, Malaysia etc. So this force imposes **moderate to high** threat to the industry.

The degree of rivalry among existing competitors: 43 factories are operated in this sector whereas 80% market shares are captured by only top ten players. In addition to this, the sector's excess production capacity and almost homogenous product indicate that the degree of rivalry among the existing competitors is **high**.

Cement Sector Potentials & Challenges

- Though cement production in Bangladesh almost doubled in the past few years, the country's per capita consumption is still one of the lowest (only 83 kg as compared to that of the developed countries where it is a staggering 1,000 kg) in the world. Even under-developed West Bengal of India consumes cement one and a half times higher than Bangladesh does. This means the cement industry possesses a great opportunity for growth in terms of volume, revenue and employment generation, contributing significantly to economic growth in Bangladesh.

- Bangladesh has experienced phenomenal growth of urban population since liberation in 1971. In the coming decades the growth is expected to continue. By the year 2015, the total national population would rise to 185 million, the urban population to around 68 million, and the share of the urban population to 30%. (Source: Centre for Urban Studies (CUS), Dhaka). This rapid urbanization growth will make heavy demand for housing, industry and infrastructure in the urban area. This growing demand will fuel the Bangladesh cement industry.

Population & Urbanization of Bangladesh

	National Population (mn)	Population Growth	Total Urban Population (mn)	Level of Urbanization
1981	89.91	2.30%	13.23	14.70%
1991	111.45	2.20%	20.87	18.70%
2001	123.1	1.50%	28.61	23.20%
2011	150.4	1.40%	41.92	27.90%

Source: Bangladesh Population Census

Population of Dhaka City

	1970	1990	2011	2025E
Population (mn)	1.4	6.6	15.4	22.9
Annual Avg. Change		7.86%	4.02%	2.84%

Source: World Urbanization Prospects: The 2011 Revision

- The Bangladesh government has set the challenge to transform itself into a middle income country by 2021. In line with this strategic vision, the government has already undertaken massive programs for infrastructure development in partnership with the private sector.

Moreover, large infrastructural development like Padma Bridge, Dhaka City Elevated Expressway, Dhaka-Chittagong Access Controlled Highway, Sky Rail around Dhaka City, Dhaka Metro Rail Transit, Dhaka-Narayanganj-Gazipur-Dhaka Elevated Expressway, and Deep-Sea port in Chittagong are in planning stage. This high spending on infrastructure will create sustained demand for cement. Moreover, if the Government implementsits plan for facilitating transit to the neighboring country, India, demand for cement will also be increased.

- Around 30% of the total cement produced locally is consumed by the Government through its Annual Development Program (ADP). ADP is growing at an average annual rate of 24% over the last 5 years. ADP implementation had remained range-bound between 83% - 93% in the past 10 fiscal years. This continuing trend of higher allocation and almost full implementation of ADP implies an enormous potential for the cement sector to grow.

Annual Development Program (ADP)

Year	ADP Allocation (BDT crore)	Expenditure % of Allocation	Allocation Growth
2001-02	16,000	88%	--
2002-03	17,100	90%	6.9%
2003-04	19,000	89%	11.1%
2004-05	20,500	92%	7.9%
2005-06	21,500	91%	4.9%
2006-07	21,600	83%	0.5%
2007-08	22,500	82%	4.2%
2008-09	23,000	86%	2.2%
2009-10	28,500	91%	23.9%
2010-11	35,880	92%	25.9%
2011-12	41,080	93%	14.5%
2012-13	55,000	96%	33.9%
2013-14	65,870	38%*	19.8%
2014-15	80,315	11%**	21.9%

Source: IMED, Ministry of Planning; *upto February 2013-14
** upto September 2014-15

- Real estate sector of the country is booming over time and the rural areas are also improving through remittance. The growth takes place due to the middle income groups turns to take modern facilities of life. This booming industry also acts as a catalyst for the cement sector growth.

- The country is in its growth phase. International Monetary Fund (IMF) ranked Bangladesh as the 44th largest economy in the world in 2012 in PPP (Purchasing Power Parity) terms. Goldman Sachs also lists Bangladesh among its "Next 11" (N-11) countries that have the potential to become major economies. Hence to keep up the country's growth engine, cement sector will contribute a lot.

- Since the country has no limestone reserve, all the companies of this sector import raw materials from abroad. So the price is directly linked to the international market and the exchange rate. Adverse movement of BDT against the foreign currency may severely affect the sector growth.

- Export also got affected due to adverse currency movement. In 2013-14 fiscal, export plunged 8.21% on y-o-y basis due to devaluation of Indian Rupee against USD and appreciation of BDT against USD simultaneously[1].

Cement Sector in the Capital Market

Cement Sector of Dhaka Stock Exchange (DSE) consists 7.6% of total market capitalization. 7 cement companies are enlisted to the main bourse.

Cement Sector in DSE as of October 31, 2014

Market Capitalization of Sector (BDT bn)	216.9
Market weight of Sector (based on Market Cap)	7.6%
3-month Average Turnover (BDT mn)	358.0
3-month Return	36.7%
Cement Sector Trailing P/E	37.7
Cement Sector Forward P/E	37.2
Cement Sector P/B	6.8
Cement Sector ROE	18.3%
No of Listed Stocks	7

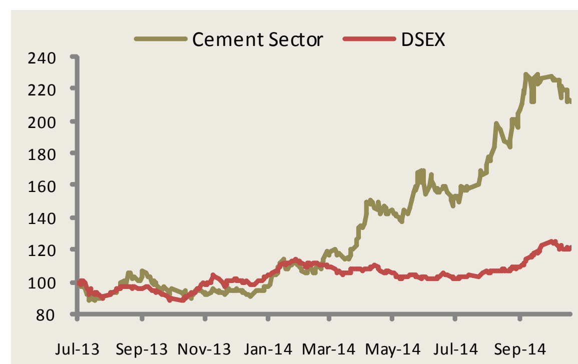
Source: DSE; ILSL Research

Listed Stocks of Cement Sector

Name	Capacity (MT)	Utilization
ARAMITCEM*	210,000	66%
CONFIDCEM	750,000	67%
HEIDELBCEM	2,378,000	57%
LAFSURCEML	1,200,000	101%
MEGHNACEM	1,000,000	71%
MICEMENT*	1,740,000	53%
PREMIERCEM*	939,132	52%
Total	**8,217,132**	**67%**

Source: Annual Report Dec 2013, ILSL Research; *June 2013

Movement of DSEX & Cement Sector M. Cap (Rebased)



Source: DSE, ILSL Research

Although the cement sector represents a small portion in the capital market; however, in terms of the country's real economy this sector has significant impact. As the country will move toward more and more infrastructural development, demand for cement will rise and the sector will flourish accordingly.

Information Source: [1]Newspaper Reports, [2]BCMA, [3]EIU

LAFARGE SURMA CEMENT LIMITED

Company Overview

Lafarge Surma Cement Limited (LSC) is the country's only fully integrated cement manufacturing plant. It is engaged in manufacturing and marketing of cement and clinker in the local market. was incorporated on November 11, 1997 under the Companies Act 1994 and started producing clinker and cement since 2006. It is one of the largest cross-border commercial ventures of Bangladesh with a foreign investment of US$280 million. It has been financed by Lafarge of France and Cementos Molins of Spain along with International Finance Corporation (IFC) and several Bangladeshi business houses. The Company is listed in both Dhaka and Chittagong Stock Exchange with market capitalization of BDT 156 billion.

Company Fundamentals, as of 30 Oct, 2014	
Market Cap (BDT mn)	156,205
Market weight	5.5%
No. of Share Outstanding (in mn)	1,161.4
Free-float Shares	34.1%
Paid-up Capital (BDT mn)	11,614.0
3-month Average Turnover (BDT mn)	194.5
3-month Return	57.5%
Current Price (BDT)	134.5
52-week price range (BDT)	30.8 – 145.4
Sector's Forward P/E	37.2

	2011	2012	2013	2014 (9M Ann)
Financial Information (BDT mn):				
Sales	6,098	10,640	11,330	11,119
Operating Profit	207	3,336	3,986	3,675
Profit After Tax	-2,188	1,853	2,546	2,811
Assets	18,559	18,523	19,027	20,183
Long Term Debt	3,999	1,698	1,883	2,028
Equity	6,452	8,381	11,045	12,596
Dividend (C/B)%	-/-	-/-	-/-	-/-
Valuation:				
Price/Earnings	-68	80.2	58.4	55.6
Price/BV	23	17.7	13.5	12.4
EPS (BDT)	-1.9	1.6	2.2	2.4
NAVPS (BDT)	5.6	7.2	9.5	10.8

Source: Annual report, DSE, ILSL research

Subsidiaries

Presently the Company has two subsidiaries in India. The main objectives of the subsidiaries are to support the holding company.

i)Lafarge Umiam Mining Private Limited (LUMPL)

LUMPL, 100% owned subsidiary of LSC, incorporated under the Indian Companies Act 1956 on 22 March 1999 as a private limited company. The project involves supply of limestone and shale from the mines of LUMPL located in the State of Meghalaya to the cement plant in Bangladesh through a continuous cross border elevated belt conveyor. The belt conveyor is the means of export of crushed limestone from the mines to the Cement plant in Bangladesh.

ii)LumMawshun Minerals Private Limited (LMMPL)

LMMPL, 74% owned subsidiary of LSC, incorporated under the Indian Companies Act 1956 on 17 November 1994 as a private limited company. The Company had been set up to obtain the land rights and mining leases for the mining project in Meghalaya, India. The Company, with due approval of the Government of Meghalaya, transferred all lands acquired for the project to Lafarge Umiam Mining Private Limited ("LUMPL"), the operating company for the Mining project.

Product Types & Product Outsourcing

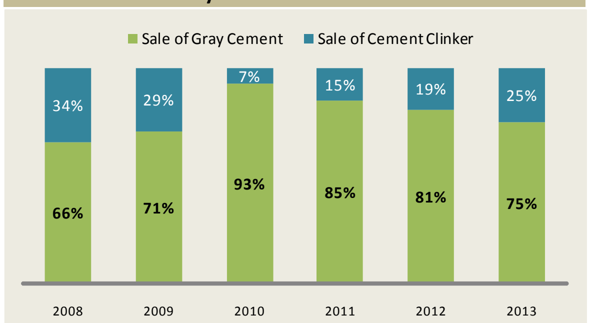
LSC sells Portland Limestone Composite (PLC) cement in the market under the well-established brand "Supercrete" which is widely available in the most part of Bangladesh.

To increase its visibility and to enhance its product portfolio, LSC entered into a Toll Grinding Agreement with two local cement producers located near Dhaka, Madina Cement and Metrocem Cement in March 2013 and July 2014 respectively to produce Portland Composite Cement (PCC). According to the terms of the agreement, Lafarge Surmais supplying its clinker from its integrated plant at Chhatak to produce Portland Composite Cement (PCC) exclusively for Lafarge Surma. Lafarge Surma Cement Ltd. is selling the outsourced PCC under the brand name 'Powercrete', 'Duracrete'. These outsourced grinding stations are strategically located near Dhaka, which provides LSC the logistic advantage to penetrate Central Zone and Southern Zone of the country. However, the contribution of the outsourced portion to the total sales of LSC is very insignificant so far.

Revenue & Capacity Utilization

Apart from using clinker in its own cement production, LSC also sells remaining clinker to the local cement producers.

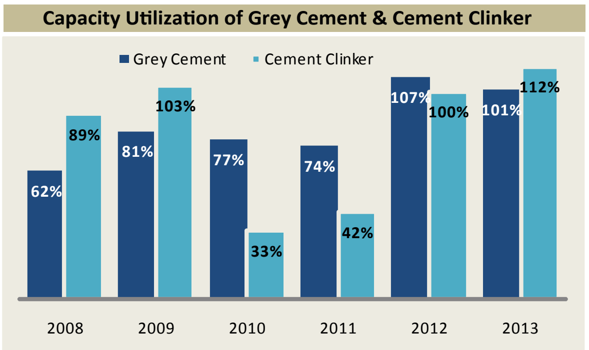
Contribution of Grey Cement & Cement Clinker in Revenue



Source: Annual Report of LSC; ILSL Research

It has annual capacity of producing 1.20 mn MT of cement and extracting 2.0 mn MT of limestone. LSC now operates at its highest capacity. In 2013, it utilized its annual grinding capacity of 1.21 mn MT against the installed capacity of 1.20 mn MT. And the Nongtrai Limestone Mines also operated at full capacity and produced 1.96 mn MT of Limestone and dispatched 2.00 mn MT to the Surma Plant in Chhatak.

Capacity Utilization of Grey Cement & Cement Clinker



Source: Annual Report of LSC; ILSL Research

Raw Materials

LSC is the only cement manufacturing facility of the country that has the backward linkage of extracting & processing the basic raw materials of producing cement, limestone and shale, from its own quarry located at Nongtrai village in Sohra Tehsil, East-Khasi Hills District, Meghalaya. The Nongtrai Limestone Mine has total geological reserve of 207.66 million tons of limestone. It is a captive mine with annual production capacity of 2 million MT of limestone. From 2 million MT limestone, per annum 1.2 million MT of clinker is produced.

After mining at Nongtrai of Meghalaya, the limestone is crushed by a MMD Crusher and then the clinker travels cross-border through a 17 km Long Belt Conveyor (LBC) directly to LSC plant in Chhatak, Sunamganj.

The operations and maintenance of the conveying system is looked after by the Chhatak cement plant. The salient features of the belt conveying system are:

- Capacity: 800 tph (tons per hour);
- Belt speed: 3m/sec;
- Distance: 17 km approximately (7.2 km on the Indian side and 10.1 km on the Bangladesh side)

LSC faced setback in clinker production due to the suspension of supply of limestone from the quarry, in the years 2007, 2010 and 2011. Finally on July 2011, the Hon'ble Supreme Court of India validated the all the activities of LUMPL and on February 29, 2012 Ministry of Environment and Forests (MOEF) also granted forest clearance required by LUMPL. Clinker production of the Company was resumed after the Forest Issue was successfully resolved in July 2011.

Energy Cost

LSC entered into a 20-year gas sales agreement with Jalalabad Gas Transmission and Distribution Company under Petrobangla in December 2002. As per the deal, Jalalabad Gas Transmission and Distribution Company started supplying gas to the Lafarge Surma since the beginning of 2005 at a tariff rate fixed by the Government. However, there is a cap of US$ 2.8 per thousand standard cubic foot of specification gas.

Networking & Distribution

LSC completely out sources the distribution system. It reduced the freight of dedicated trucks as well as increased the shipments by barges over the period to reduce the logistics costs. It transports 60% of its sales though the fleet of barges, and the remaining through the truck fleet. The barges fleet is more cost-effective than the truck-fleet.

LSC distributes around 85% of its total sales through the distributors (Distributors > Retailers > Consumers); and the rest (15%) to the corporates (direct to the consumers from real estate & industry infrastructure). It captured most of the market share (more than 60%) in Sylhet division where its cement plant is situated.

It has total 7 depots in all over the country – 1 at the factory, 1 in Sylhet, 4 in Dhaka (2 in Kanchpur & 2 in Mirpur) and 1 in Baghabari.

Pricing Strategy

In Bangladesh, the prices of cement now range between BDT 430- BDT 480 each-50 kg bag depending on the brands, which is subject to change based on the demand & supply.

Market Price of Cement of Top 10 Cement Producers

Cement Producer	Brand Name	Tentative Price
Shah Cement	Shah	BDT 430
Heidelberg Cement	Scan	BDT 480
Meghna Cement	Bashundhara	BDT 420
Seven Circle Cement	Seven Rings	BDT 440/450
Holcim Cement	Holcim	BDT 480/490
Lafarge Cement	Supercrete	BDT 450
Premier Cement	Premier	BDT 435
MI Cement	Crown	BDT 430
Akij Cement	Akij	BDT 450

Source: Based on a survey conducted on August, 2014

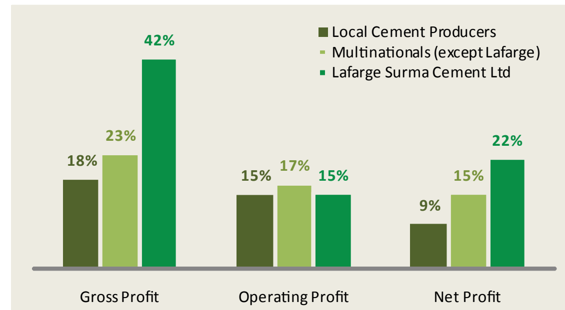
Almost all the multinational cement producers of Bangladesh usually charge premium price of its product compared to its local counter parts. Among the multinationals, LSC charges the lowest price, though which is higher than what the local producers charge.

Financial Performance

Margins

Historically LSC enjoys handsome margin on its sales. Wholly owned limestone mine enables the firm to maintain good margin and compete effectively with its competitors, dependent on imported raw-materials. It maintains more margins on sales of cement than that of clinker. In 2013, around 75% of total revenue of LSC comes from the cement sales.

Margin Comparison of Cement producers



Source: Annual Report of different cement producers; ILSL Research

In recent years, clinker price in the international market followed a declining trend. This reduced raw material price induces the import-dependent cement producers to cut the market price of the finished good in an attempt to grab more market share. However, Lafarge has to procure clinker from its own subsidiary at pre-determined price, i.e., US$ 17/MT. Hence, it will hamper the profit margin if LSC drastically cut the price of its cement. Consequently, if the declining trend of clinker price continues, it will erode the high margin currently enjoying by LSC.

Profit Margins of LSC

	2011	2012	2013	2014 (9M Ann)
Gross Profit	9.2%	39.4%	41.5%	38.7%
Operating Profit	3.4%	31.4%	35.2%	33.1%
Pre Tax Profit	-37.5%	23.6%	28.4%	31.5%
Net Profit	-35.9%	17.4%	22.5%	25.3%

Growth

At the time, when Lafarge faced the embargo on extracting limestone, it imported clinker for producing cement. Whereas other firms of the industry, dependent on imported clinker are successfully surviving, LSC could not be able to make profit. Among others, the main reasons are:

- Lafarge has the factory in Sylhet. But it has to import clinker at that time through the Chittagong port and then carry that all over to Sylhet via Dhaka for grinding. Then again it has to transport the finished goods to Dhaka for selling, which mounted the logistics cost by few fold.
- Most of the Lafarge investment (85%) is in the clinker producing segment than to the cement producing segment (15%), so it has to charge high depreciation despite the stoppage of the clinker plant.

It will not be possible for Lafarge to survive if it cannot extract limestone from its own plant.

Growth rates over the period				
	2011	2012	2013	2014 (9M Ann)
Sales	7.8%	74.5%	6.5%	-1.9%
Gross Profit	-2.9%	647.6%	12.3%	-8.5%
Operating Profit	46.6%	1512.5%	19.5%	-7.8%
Net Profit	-33.5%	184.7%	37.4%	10.4%

After the revival from the prolonged operational suspension, LSC achieved significant growth in its sales. However, the growth rates are normalized over the period, since the LSC continues its normal operation. As other cement producers, LSC faces seasonality. Cement production normally peaks in winter while it is at its lowest in the rainy season.

Leverage

In 2013, the cement grinding company of LSC repaid its entire USD denominated outstanding LT-loan. The dwindled finance cost has revamped the bottom line as well as lessen the foreign currency exposure.

Leverage				
	2011	2012	2013	2014 (9M Ann)
Debt Ratio	52.60%	37.00%	19.30%	15.30%
Debt-Equity	151.40%	81.70%	33.20%	24.60%
Int. Coverage	0.1	4	5.2	13.7

However, the Indian subsidiary of Lafarge has significant loan outstanding in its book (LT debt + ST debt/total asset is 87%; LT debt/total asset is 38%), which are scheduled to be paid-off in 2016. It also has USD denominated intercompany loan. Since, the LUMPL earns its revenue from LSC in USD and it is also exposed to foreign currency loan, USD-INR movement is very crucial for the firm. The devaluation of the Rupees versus the US dollars in Since, the LUMPL earns its revenue from LSC in USD and it is also exposed to foreign currency loan, USD-INR movement is very crucial for the firm. The devaluation of the Rupees versus the US dollars in the subsidiary had an adverse impact on the profitability of the company.

ROA & ROE

Return on Asset (ROA) and Return on Equity (ROE) of LSC has improved significantly as soon as it regularized its operation.

DUPONT ANALYSIS				
	2011	2012	2013	2014 (9M Ann)
Net Profit /Sales	-35.9%	17.4%	22.5%	25.3%
Sales/ Assets	33.4%	57.4%	60.4%	56.7%
ROA	-12.0%	10.0%	13.6%	14.3%
Net Profit /Assets	-12.0%	10.0%	26.8%	27.9%
Total Assets/ Equity	4.0	2.5	1.9	1.7
ROE	-47.5%	25.0%	51.7%	46.2%

ROA & ROE both improved significantly since 2012. All the components of the Dupont Analysis shows, operating efficiency, measured by profit margin, increased vigorously. Asset turnover of LSC also showed a healthy move. On the other hand, financial leverage, measured by the equity multiplier, has decreased mainly due to paying off the foreign currency loan owed by LSC.

Dividend

LSC incurred significant loss during the embargo slapped over the Indian subsidiary in extracting limestone. To safeguard the long term interests of the shareholders the Board of Directors of the Company did not recommend any dividend up to May 2014.

Very recently LSC covered up all the losses accumulated so far. Hence, it has declared 5% interim cash dividend for the year ending on 31 December 2014, out of the provisional net profits for the period ended on 31 May 2014. Consequently, in DSE the category of the company will be changed from "Z"at the end of the current financial year.

Lafarge-Holcim's Merger of Equals (MOE):

The world's two largest cement makers, France's Lafarge and Switzerland's Holcim, are heading towards a MOE (merger of equals). The implementation of the whole merger process in Bangladesh following the global merger will involve many adjustments in different levels in both of the company. It is expected that the process would be completed by the year 2016.

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Holcim Bangladesh

Holcim Cement Bangladesh Ltd (HBL), under the umbrella of Holcim Switzerland, started its operation in 2000 by acquiring an existing facility from Hyundai Cement. The Company subsequently acquired United Cement in 2001 and Saiham Cement in 2002.

It has three plants in the country with a total capacity of 1.3 million ton/year. It has undertaken an expansion program In November 2011. It inked a deal with a German company to launch the capacity expansion project requiring a capital expenditure of approximately US$36 million. The new project is going to expand HBL's capacity to approximately 2.0 million tons per annumwithin 2014 year-end.

Holcim is a recognized brand name in the premium segment of the cement market in Bangladesh. It markets 3 types of cement mixes: Portland Composite Cement, Pulverized Fuel Ash (PFA) based cement, and Portland Cement.

HBL imports its clinker requirement mainly from its sister Holcim facility in Thailand. The Company enjoys a 7% market share in Bangladesh, 17% market share in Dhaka.

- **Stronger Brand-Equity**
  Lafarge and Holcim both companies profoundly established their brands among their buyers. These two strong brand, if merge, would create stronger brand-equity among the cement buyers.

- **Raw-Material Cost Savings**
  The merged-entity Lafarge-Holcim will be able to enjoy the benefit of the own-sourced raw-materials to a greater extent. Then it will utilize the excess clinker in its own cement plant rather than selling it to the other cement producers.
  Hence, the proposed merger will ensure the best use of Lafarge's clinker converted from limestone that extracted from Lafarge's own mine.

- **Regional Diversity**
  Holcim has three plants in two different locations of Mongla in Khulna and Meghnaghat near Dhaka. On the other hand, Lafarge's cement grinding plant is situated at Chhatak, Sunamganj, Sylhet, which is near to the limestone mine at Meghalaya, India. This regional diversity will benefit both cement producers in grabbing new market.

- **Opportunity of Being the Largest Producer**
  Post-merger Lafarge-Holcim will emerge as the 2nd largest producer in Bangladesh. Holcim's increased production capacity of 2.0 mn MT along with Lafarge's grinding capacity of 1.2 mn MT will make the merged entity to have the 2nd highest cement producing capacity in Bangladesh (given the existing cement producers will not expand their capacity within the period) after the Shah Cement (having capacity of 5.2mn MT). Currently, Shah Cement has the highest installed capacity of 5.2 mn MT and then Heidelberg Cement has installed capacity of 2.38 mn MT. Hence, the merger will open-up the potential of Lafarge-Holcim (the merged entity) of being among the top 3 in the Bangladesh Cement Industry.

- **Logistic Cost Savings**
  Post-merger Lafarge and Holcim will utilize the same operational infrastructure, networking & distribution channel and ERP (Enterprise Resource Planning) system which will reduce its logistic cost. Moreover, the proposed merger may cause laying off some employees as well as some changes in management that may contribute in slashing the total operating cost.

Latest Update on the global merger

As quoted in the Holcim website regarding the merger:*"On October 27, 2014 Holcim and Lafarge have formally notified the European Commission of their proposed merger in order to obtain regulatory approval. With this notification, Holcim and Lafarge have completed all necessary notifications with regulatory authorities worldwide. During the constructive pre-notification discussions which Holcim and Lafarge have had with the European Commission, the list of proposed assets for divestment was amended. In parallel to the regulatory process, Holcim and Lafarge have started the sales process and are in negotiations* with potential buyers."

Concluding remark

As LSC is the country's only fully integrated cement manufacturing plant, it enjoys superior margin relative to its competitors. It completely utilized both of its rated extraction and grinding capacity. Hence the growth opportunity is limited until or unless it expands its capacity. The Lafarge-Holcim's merger will undoubtedly create the synergy for the merged entity.

CSE Internet Fair:

ILSL participated in the CSE Internet Trade Fair held on 22-23 October, 2014 at the IDEB Bhaban, Kakrail, Dhaka. ILSL exhibited the Internet Trading Process through CSE to the huge enthusiastic crowd along with its other services and publications.

Monthly Awareness Program:

ILSL arranged a Monthly Investor Awareness Program in its Corporate Head Office at Dhaka on 20th September. In the program, our COO, Md. Humayan Kabir, discussed about the new IPO process along with overall market situation. Besides this, ILSL research team gave a presentation on "Bangladesh Textile Sector's growth and prospect".

INTERNATIONAL LEASING SECURITIES LIMITED
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MUTUAL FUND: MONTHLY UPDATE

Performance of Mutual Funds

Mutual Fund Sector of DSE posted 4.3% gain over the month (28 September - 30 October, 2014), while the prime index of the bourse, DSEX, increased by 2.0%. Price of 36 Mutual Funds increased, 4 Mutual Funds remain unchanged and 1 Mutual Fund decreased over the period. On the other hand, NAV @ Market Price of 32 Mutual Funds increased and 9 Mutual Funds decreased. Out of 41 Mutual Funds, 40 were traded below their respective NAV. MBL1STMF had the lowest Price/NAV ratio (46.1%) whereas 1STPRIMFMF was traded at highest Price/NAV ratio (146.3%). Price of LRGLOBAL Mutual Fund gained 15.4% agiainst increase in NAV by 3.2%.

Name of Fund	NAV Per Unit @		Price 30 Oct, 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	37.37	12.56	26.5	70.9%	2.2%	1.5%	24.7 - 48.8	15.40	30/Jun/15	AIMS
GRAMEEN1	30.86	10.92	26.5	85.9%	1.5%	-1.9%	26.1 - 51.6	7.62	4/Sep/15	AIMS
GRAMEENS2	19.04	10.5	13.7	72.0%	1.0%	6.2%	10.7 - 29.8	12.01	2/Sep/23	AIMS
RELIANCE1	12.66	11.09	7.7	60.8%	2.8%	0.0%	6.8 - 10.3	2.52	7/Jul/21	AIMS
1STICB	1603.69	222.35	963.7	60.1%	-1.5%	6.5%	810 - 1068.2	0.07	31/Mar/15	ICB
2NDICB	328.49	94.52	270.2	82.3%	-8.2%	6.1%	175.1 - 352	0.17	30/Jun/15	ICB
3RDICB	352.45	65.77	216.0	61.3%	-0.5%	7.9%	135 - 270	0.13	30/Sep/15	ICB
4THICB	306.85	70.35	205.9	67.1%	-7.4%	8.4%	122.1 - 242.1	0.17	31/Dec/15	ICB
5THICB	261.61	55.36	172.3	65.9%	-2.5%	6.0%	100 - 235	0.12	31/Mar/16	ICB
6THICB	64.29	26.11	56.2	87.4%	-11.5%	2.0%	40.5 - 77	0.61	30/Jun/16	ICB
7THICB	119.08	34.4	84.7	71.1%	-5.9%	0.8%	66 - 115.9	0.13	30/Sep/16	ICB
8THICB	78.63	29.8	64.5	82.0%	-9.8%	4.9%	47.1 - 82	0.43	31/Dec/16	ICB
1STPRIMFMF	12.3	16.55	18.0	146.3%	-0.2%	2.3%	8.8 - 35.7	6.01	17/Mar/16	ICB AMCL
ICB1STNRB	26.37	33.07	24.6	93.3%	0.3%	5.6%	21.5 - 37.7	0.23	28/Mar/17	ICB AMCL
ICB2NDNRB	11.8	14.6	8.8	74.6%	1.1%	10.0%	7.3 - 12	0.95	27/Jul/18	ICB AMCL
ICB3RDNRB	8.25	11.16	4.8	58.2%	1.0%	6.7%	4.4 - 6.4	2.06	24/May/20	ICB AMCL
ICBAMCL2ND	9.34	12.81	5.3	56.7%	0.9%	3.9%	4.6 - 7.8	0.25	28/Oct/19	ICB AMCL
ICBEPMF1S1	8.83	11.53	4.9	55.5%	0.6%	0.0%	4.4 - 7.4	0.75	18/Jan/20	ICB AMCL
ICBISLAMIC	19.39	23.18	14.9	76.8%	0.7%	1.4%	14.5 - 24.9	0.54	5/Jan/15	ICB AMCL
ICBSONALI1	10.27	10.69	6.9	67.2%	2.9%	1.5%	6 - 13.2	1.03	12/Jun/23	ICB AMCL
IFILISLMF1	10.29	11.1	5.8	56.4%	2.6%	11.5%	4.1 - 9.4	2.51	22/Nov/20	ICB AMCL
PF1STMF	8.39	11.25	5.0	59.6%	1.1%	6.4%	4.4 - 7	0.93	9/May/20	ICB AMCL
PRIME1ICBA	8.88	11.43	4.9	55.2%	1.3%	6.5%	4.4 - 6.9	0.54	2/Feb/20	ICB AMCL
AIBL1STIMF	10.37	10.59	5.2	50.1%	4.3%	8.3%	4.7 - 10.2	0.80	10/Jan/21	LR Global
DBH1STMF	10.38	10.71	4.8	46.2%	4.7%	2.1%	4.5 - 7.2	2.18	7/Feb/20	LR Global
GREENDELMF	10.39	10.37	4.8	46.2%	4.4%	4.3%	4.4 - 10.3	2.08	28/Sep/20	LR Global
LRGLOBMF1	11.15	11.33	6.0	53.8%	3.2%	15.4%	4.7 - 9.6	6.91	19/Sep/21	LR Global
MBL1STMF	10.41	10.52	4.8	46.1%	4.7%	6.7%	4.3 - 8.9	3.76	8/Feb/21	LR Global
NCCBLMF1	10.87	10.94	6.0	55.2%	4.5%	3.4%	5.2 - 13	1.39	24/May/22	LR Global
1JANATAMF	10.91	10.97	5.5	50.4%	3.6%	1.9%	4.9 - 10.3	1.95	20/Sep/20	RACE
ABB1STMF	12.08	10.56	6.5	53.8%	2.4%	0.0%	5.8 - 8.3	5.73	29/Jan/22	RACE
EBL1STMF	10.62	11.23	5.7	53.7%	0.9%	1.8%	5.4 - 7.9	1.86	19/Aug/19	RACE
EBLNRBMF	10.74	10.61	6.1	56.8%	3.0%	3.4%	4.6 - 8.7	0.13	23/May/21	RACE
EXIM1STMF	11.12	10.4	6.8	61.2%	2.0%	4.6%	5.9 - 9.3	0.01	16/Jul/23	RACE
FBFIF	10.97	10.42	6.8	62.0%	1.5%	0.0%	6.4 - 10	0.03	19/Mar/22	RACE
IFIC1STMF	11	10.76	5.4	49.1%	2.3%	1.9%	5 - 7.9	1.99	1/Apr/20	RACE
PHPMF1	10.58	11.24	4.9	46.3%	4.4%	2.1%	4.5 - 10.4	3.28	29/Nov/20	RACE
POPULAR1MF	11.12	11.22	5.3	47.7%	2.8%	3.9%	4.8 - 10	4.18	19/Oct/20	RACE
TRUSTB1MF	11.16	10.62	5.9	52.9%	3.0%	9.3%	5.1 - 8.4	5.23	27/Jan/20	RACE
NLI1STMF	12.55	11.94	7.9	62.9%	3.5%	2.6%	6.7 - 10.4	1.77	27/Feb/22	VIPB
SEBL1STMF	12.3	11.48	7.5	61.0%	4.1%	2.7%	6.6 - 9.4	1.85	23/May/21	VIPB

Source: DSE, ILSL Research

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MUTUAL FUND: MONTHLY UPDATE

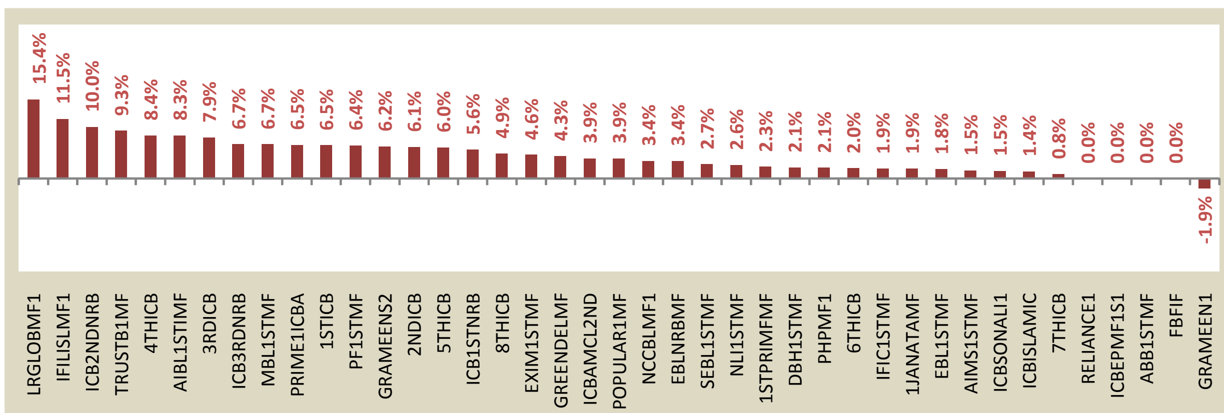
Monthly Top 10 Analysis

Highest Return	% Change in NAV
DBH1STMF	4.7%
MBL1STMF	4.7%
NCCBLMF1	4.5%
PHPMF1	4.4%
GREENDELMF	4.4%
AIBL1STIMF	4.3%
SEBL1STMF	4.1%
1JANATAMF	3.6%
NLI1STMF	3.5%
LRGLOBMF1	3.2%

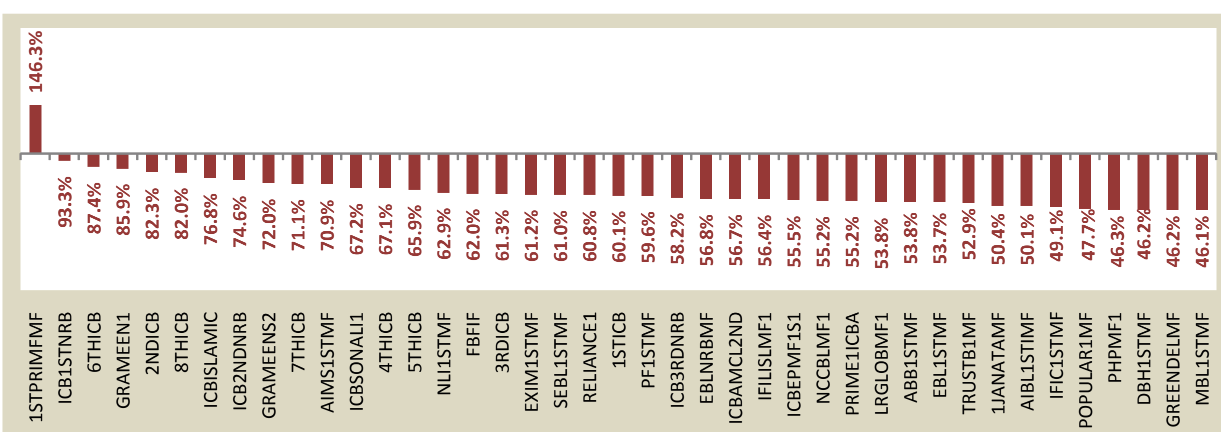
Lowest Return	% Change in NAV
6THICB	-11.5%
8THICB	-9.8%
2NDICB	-8.2%
4THICB	-7.4%
7THICB	-5.9%
5THICB	-2.5%
1STICB	-1.5%
3RDICB	-0.5%
1STPRIMFMF	-0.2%
ICB1STNRB	0.3%

Turover Leader	Avg Turnover (BDT mn)
AIMS1STMF	15.4
GRAMEENS2	12.0
GRAMEEN1	7.6
LRGLOBMF1	6.9
1STPRIMFMF	6.0
ABB1STMF	5.7
TRUSTB1MF	5.2
POPULAR1MF	4.2
MBL1STMF	3.8
PHPMF1	3.3

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	7,123	13.1%	1.6%	2.05	2,595
ICB	3,491	6.4%	-4.8%	4.28	178
ICB AMCL	7,285	13.4%	1.4%	0.81	7,250
LR Global	9,557	17.6%	4.1%	0.99	8,896
RACE	24,932	46.0%	2.5%	1.03	20,386
VIPB	1,859	3.4%	3.9%	1.06	1,501

Source: DSE, ILSL Research

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Business Newsflash

Economy

Call money rate soars on demand from NBFIs
The Daily Star, October 1, 2014

The inter-bank call money rate jumped to 9%, the highest in the last one year, as most of the non-bank financial institutions rushed to borrow to meet their overnight demand. A total of BDT 7,497 crore was transacted in the call money market on 30 September 2014, down by more than BDT 404 crore from the previous day. The call money market has remained sluggish in the past several months and the rate hovered between 6 and 7%. Bankers blamed the slowdown on their surplus funds.

Revenue collection grows by 15% in July-Aug
New Age, October 02, 2014

Revenue collection grew by 14.92% in the first two months of the current fiscal year depending on a big boost in August compared with that of the same period of the last fiscal year. In July-August of the FY 2014-2015, the NBR collected BDT 16,872.60 crore against the collection of BDT 14,676.14 crore in the same period of the FY14. In August, the revenue board experienced a big boost in revenue collection as the collection grew by 21.32% compared with that of the same month of last year, according to the data.

Remittance rises 12% ahead of Eid
Dhaka Tribune, October 12, 2014

The inflow of remittance rose by 12.34% in September in comparison with the previous month of August as the expatriates sent more remittance home to celebrate the holy Eid ul-Azha. The country received remittances worth USD 1.3 bn during the month which was USD 1.17 bn in August. The overseas workers sent remittance USD 1.28 bn in June, which was 21% higher than USD 1.05 bn of the same month in the previous fiscal of 2013-14.

WB forecasts 6.2% GDP growth for FY15
New Age, October 12, 2014

The World Bank on Wednesday estimated that the **GDP growth of Bangladesh would be 6.2%** in FY2015, which is so far the lowest projection by any international agency. The government's GDP target is 7.3% for FY2015 whereas the Asian Development Bank in late September projected the country's GDP growth at 6.4% and International Monetary Fund 6.25% in the current fiscal year. This forecast assumes continued macro-economic stability and a boost for domestic consumption from remittances and domestic demand from public infrastructure investments.

Imports rise by 12% in two months of FY15
New Age, October 12, 2014

The country's imports increased by 11.98% in the first two months of the current financial year 2014-15 compared with that of a 6.80% growth in the corresponding period of the FY14 due mainly to rise in imports of capital machinery and food products. Settlement of letters of credit, or generally known as actual imports, stood at USD 6.42 mn in July-August of the FY14 against that of USD 5.73 mn in the same period of the FY14.

Private Sector credit growth remains sluggish in Aug
New Age, October 14, 2014

The private sector credit growth inched up in August from that of the previous month but still remained lower than the monetary policy target as the **businesspeople maintained their 'wait-and-see' investment policy amid political uncertainty.** According to the Bangladesh Bank data released, the year-on-year credit growth rate in the private sector rose to 11.39% in August compared with that of 11.25% in July of this year. The credit growth rate rose slightly in August, it still remained below the target of 14% to be achieved by December as per the monetary policy.

Inflation inches down for second month
New Age, October 15, 2014

The overall point-to-point inflation slightly dropped by 0.07% points in September from the previous month and stood at 6.84% as both food and non-food markets were almost stable in the period. In August, the overall point-to-point inflation rate was 6.91%. Food and non-food inflation also came down to 7.63% and 5.63% respectively in September from that of 7.67% and 5.76% respectively in the previous month.

Budget deficit below 5%
The Daily Star, October 19, 2014

The budget deficit last fiscal year came to 3.7% of GDP in the end, 1.30 percentage points lower than the 5% ceiling set by the International Monetary Fund. The news brings some relief for the finance division, which was put in a tight spot in May by the ministries and divisions' demand for additional fund. Ultimately, they failed to expend their revised allocations. In the end, development expenditure stood at BDT 51,999 crore, which was 85% of the revised allocation for fiscal 2013-14. In fiscal 2012-13, it was BDT 50,772 crore, which was 94.3% of the allocation for the year. Political unrest, which dogged a good part of fiscal 2013-14, has been blamed for the decline in both development and non-development expenditure.

Per capita income reaches to USD 1,190
Newage, October 20, 2014

The per capita income of Bangladesh is now USD 1,190 in the current fiscal year 2013-14, which is USD146 higher than earlier. According to the report, the annual inflation of Bangladesh has now declined to 6.97% from the previous 8.06%, reducing around 1.09%. The reserve of foreign exchange rose into USD21.5bn in the fiscal year 2013-14. The overall revenue collection showed an 8.35% growth at the end of FY 13-14, while the foreign currency reserve totalled USD21.5 bn at the end of FY 13-14 with a 40.44% growth. The exchange rate remained stable in the last fiscal year while the point-to-point inflation rate came down to 6.97% in FY 13-14 from 8.06% in FY 12-13.

Foreign loans not as risky as thought: Bangladesh Bank
The Daily Star, October 21, 2014

Private companies eventually draw a small portion of the foreign loans approved for them. External lenders disbursed 35% of the approved loans in 2012 and only 25.3% last year, carried out in the backdrop of a debate over private sector commercial borrowing from external sources. The major advantages of foreign loans are lower borrowing costs than those available at the prevailing domestic market and a longer maturity period of the loans. The interest rate for external borrowing is LIBOR + 3 to 4.5%, whereas the interest rate is 14 to 18% in case of domestic sources. Between 2009 and March this year, the scrutiny committee of the Board of Investment approved USD 5.53 bn of foreign loans for 203 local private companies from over 13 sectors that include power, telecoms, shipping and garment. The total outstanding private sector foreign loans as of December last year stood at USD 1.74 bn.

Q1 investment proposal volume rises 25.05%
The Financial Express, October 23, 2014

Investment proposals registered with the Board of Investment (BoI) by local and foreign entrepreneurs showed an upward trend in the Q1 (July-September) of the ongoing fiscal year (FY), 2014-15. A total of 345 industrial units have been registered with the state-owned investment promoter during the aforesaid time with proposals involving over BDT 200 bn. The amount is 25.05% higher than the previous three months (April-June) when the total financial volume of the proposals was BDT 160 bn. During the July-September period, local investment proposals worth BDT 183 bn have been registered with the BoI by a total of 318 industrial units. The amount marks 167% rise over that of the corresponding period of the previous fiscal.

23.47% rise in industrial term loan disbursement
The Financial Express, October 21, 2014

Economists aired an upbeat note that a sound growth of total industrial term loans during the April-June period this year would help in removing sloth in industrialization and creating new employment opportunities. Positive disbursement growth of industrial term loans and recovery are good signs for the banks amid competition stemming from foreign borrowing encouraged by the central bank. As per the central bank's statistics, disbursement of the total industrial term loans during April-June 2014 was higher by 23.47% or BDT 114.62 bn compared to BDT 92.83 bn during January-March quarter.

Stock Market

BSEC allows trading for another 6 months
The Daily Star, October 1, 2014

The Bangladesh Securities and Exchange Commission for the second time has extended the suspension period over the rule 3(5) of the Margin Rules-1999 by another six months in a bid to allow investors with margin loans to trade shares despite 150% decline in their portfolio value. According to the Margin Rules-1999, a stock broker or a merchant bank is not allowed to make any new transaction in the margin account if the equity falls below 150% of the debit balance.

Foreign funds in stocks hit record BDT 426 crore
The Daily Star, October 2, 2014

Net foreign investment in the Dhaka stock market increased 34 times to a record BDT 426 crore year-on-year in September. Favorable economic factors, political stability and a positive market outlook encouraged foreign investors to inject money into local securities. Aggressive overseas marketing by the local stockbrokers also attracted foreign investors to the Dhaka stock market. In September 2014, overseas investors bought shares worth BDT 589.60 crore and sold stocks worth BDT 163.35 crore, showing a 403% rise in net investment compared to the same period last year.

Special tribunal at BHBFC in a month to try share scamsters
The Financial Express, October 12, 2014

A special tribunal on the capital market sits within a month at the Bangladesh House Building Finance Corporation (BHBFC) building for smooth disposal of several hundred cases, including those involving scams, pending with courts. Official sources said the special tribunal was set to get required shape to commence judicial function within a month. Bangladesh Securities and Exchange Commission (BSEC) officials said they had already signed a deal with the authority of BHBFC to hire a space to set up the tribunal.

CSE launches two new indices
New Age, October 12, 2014

Chittagong Stock Exchange introduced on October 12, 2014 two new indices — CSE 50 and CSE All Shariah Index. The base point of the two indices will be 1000. Top 50 of the companies listed with CSE have been selected for the CSE 50 index on the basis of their market capital, liquidity position and financial viability. Initially, the 50 companies include 13 broad sectors of the economy. The CSE All Shariah Index includes 63 Shariah compliant stocks from 17 broad sectors.

BSEC to impose lock-in on sponsors' shares
New Age, October 12, 2014

The Bangladesh Securities and Exchange Commission has planned to impose lock-in on shares of the sponsor-directors of the companies which will be re-listed with the stock exchanges from the over-the-counter market. A BDT 30-crore minimum paid-up capital requirement might also be followed for re-enlistment of OTC companies with the main market.

FSIBL rights offer, Zaheen IPO okayed
Newage, October 30, 2014

The Bangladesh Securities and Exchange Commission on October 30, 2014 allowed two entities to raise capital worth BDT 217.72 crore and four banks to float non-convertible bonds worth BDT 1,000 crore. As per the BSEC approval, First Security Islami Bank will issue one rights shares against its existing two shares at an issue price of BDT 10 each. The BSEC on the day approved the initial public offering of Zaheen Spinning

Limited. The company will raise BDT 12 crore floating its 1.20 crore ordinary shares without any premium. The BSEC approved seven-year bonds of four banks — BDT 250 crore non-convertible subordinate bond of Prime Bank, BDT 200 crore fully redeemable non-convertible bond of Jamuna Bank, BDT 300 crore non-convertible subordinate bond of Bank Asia and BDT 250 crore non-convertible subordinate bond of Eastern Bank.

BSEC bars cos from using more than one-third of IPO fund
Newage, October 30, 2014

The Bangladesh Securities and Exchange Commission on October 30, 2014 barred any company from using more than one-third of its initial public offering money for repayment of bank loans. Capital market expert in recent times raised their voice against the use of IPO fund for repayment of bank loans as most of the companies failed to sustain the profit growth after getting enlisted with the capital market for not using the IPO funds for business expansion. The commission on the day also imposed a two-year bar for any listed entity for offering rights shares after getting approval for its IPO. The commission decided that non-utilization of IPO or rights issue or RPO fund would be another disqualification for offering rights shares.

Banks

Bank Asia, IFC sign USD 70 mn loan facilities agreement
The Financial Express, October 15, 2014

International Finance Corporation (IFC) has accorded Bank Asia USD 70 mn short-term loan and guarantee facilities aiming to facilitate access of the bank's exporters and importers to reliable and reasonable terms and conditions for trade finance and provide liquidity and stability to trade finance system. Bank Asia will be enjoying short-term loan facility USD 30 mn from IFC as Working Capital Systemic Solution and USD 40 mn guarantee facility from IFC's Global Trade Finance Programme, which will ultimately contribute to promote trade in emerging markets.

Banks' ADR dips below 70% amid dull business
Newage, October 16, 2014

The advance-deposit ratio in the country's banking sector fell below 70% in the last week of August due to a dull business situation amid political uncertainty. Banks' ADR came down to 69.91% as of August 28, 2014 from 70.42% as of July 24, 2014. Most of the entrepreneurs still maintained a 'go-slow policy' for setting up new industries or expansion of their business operations due mainly to the political unrest in the run up to the January 5 national polls that hit the ADR adversely in the banking sector. Core business of banks witnessed a stagnated situation in the recent months due to lower credit growth, particularly in the private sector.

State banks to cut deposit, lending rates
The Daily Star, October 17, 2014

State-owned commercial banks have decided to cut interest rates for both deposit and lending by 0.5 to 1 percentage point to ease pressure of excess liquidity. The move will reduce the banks' cost of fund. The banks offer interest on deposit at between 4% and 9.5%, which will now be capped at 9%. The highest rate of interest for lending is now 16%, which will be cut to 15%. State banks used to offer as high as 13% interest to attract deposits, but the rates were gradually brought down to single digits over the past two years.

Telecom

GP to invest more for better 3G access
The Daily Star, October 15, 2014

Grameenphone is investing up to BDT 1,300 crore each year in building its network, and the figure will go up further in the days to come. Investment is a must for the expansion of 3G services, as the company responds to increasing demand for internet services. The operator currently has 55 lakh 3G internet users. The company will increase its network coverage in both rural and urban areas. The company's ambition to serve 50 mn internet users on its network within the next five years.

Dhaka reelected ITU council member
The Financial Express, October 28, 2014

Bangladesh has been reelected a council member of the International Telecommunications Union (ITU) from the Asia Pacific region for the term through 2018. Country's reelection to the ITU council will provide it with the opportunity to contribute to the global policy and address concerns of least developed countries and developing countries about access to telecommunication and reducing the digital divide. Bangladesh won its membership to the ITU executive council for the first time in 2010, which would end in December 2014.

Textile

Shasha Denim's BDT 175 crore IPO okayed
New Age, October 15, 2014

The Bangladesh Securities and Exchange Commission on Tuesday approved the initial public offering of Shasha Denims Limited for raising BDT 175 crore from the capital market. Shasha Denims will float 5 crore ordinary shares at a price of BDT 35 including a premium of BDT 25 each. According to the audited financial statement of the company as on December 31, 2013 the earning per share of Shasha Denim was BDT 3.73 and net asset value was BDT 52.95. The issue managers of Shasha Denim are AFC Capital Ltd and Imperial Capital Ld. The BSEC in the same meeting formed a committee for formulating guidelines for companies which want to return to the regular trading floor from the over-the-counter market.

Exports to US dip on RMG setback in Q1
Newage, October 20, 2014

Country's exports to the US market dropped by 8.39% to USD1,343 mn in the first quarter in the current fiscal year compared with that of USD1,466 mn in the same period of the previous fiscal year due to a fall in garment export. The garment export to the US market dropped to USD1,250 mn in the July-September period of the current fiscal year from that of USD1,355 mn in the same period of the previous fiscal year. Garment export to the US market decreased as buyers shifted orders following concern over compliance issues and at the same time other competitive countries like Vietnam and India gained their abilities to grab the market.

Power

ABB wins USD 30m order from Power Grid
The Daily Star, October 1, 2014

ABB, a leading power and automation technology group, has won a USD 30 mn order from Power Grid Company of Bangladesh (PGCB) to take new power connections to 450,000 households. The Swiss engineering company will provide four new turnkey substations and help expand six others to enhance transmission capacity and boost power supply to meet growing demand for electricity. The four new 132/33kV substations of the state-run PGCB, the country's leading transmission utility, will be constructed at Rangamati, Khagrachhari, Beanibazar and Sunamganj. Additionally, six existing substations will undergo expansion. It is estimated that 450,000 households will receive new power connections through this programme, and carbon emissions be reduced by almost 2.5 mn tonnes per year.

Indian company seeks power transmission through Bangladesh
Newage, October 20, 2014

A top official of an Indian state-owned power company has suggested that for smooth supply of power from this region to other parts of India there should be transmission line through Bangladesh. This is decided by the government of India and Bangladesh; these two countries should have some transmission links that is between Bangladesh and Tripura. The two discussed the setting up of 104 MW power project at Monarchak in western Tripura, 70 km south of Agartala, and just eight km from the India-Bangladesh border. The Power Grid Corporation of India Limited (PGCIL) would erect a transmission line from western Tripura's Surjyamaninagar power grid to Comilla (in eastern Bangladesh) power grid to supply the power similar to the system between West Bengal's Baharampur and Bheramara in Bangladesh.

Engineering

Steelmaker Appollo to spend BDT 200 crore on technology upgrade
The Daily Star, October 21, 2014

Appollo Ispat Complex, a leading steelmaker, will spend BDT 200 crore to introduce environment-friendly technology in May next year to help cut production costs and boost capacity. The technology will reduce production costs by 30%, while increasing capacity by 20% from its existing 1.20 lakh tonnes a year. Germany's radiant tube furnace technology will help Appollo produce lead and acid free corrugated iron sheets in a non-oxidising furnace at its Narayanganj plant. Appollo's net profit rose 3% to BDT 37.36 crore for the year ended June 30, 2014 from the previous year, and it consequently gave out 15% dividends to shareholders. The company's earnings were BDT 1.84 per share with a net asset value BDT 31.37.

Pharmaceutical

Acme to raise capital to start three projects
The Daily Star, October 12, 2014

The Acme Laboratories, one of the leading medicine manufacturers in Bangladesh, plans to set up three new projects as part of its expansion plan to tap the growing local and global pharma market. The company will issue five crore shares to institutional and individual investors to raise funds for the projects. The projects will develop steroid and hormone; oncology; ayurvedic, modern herbal and nutraceuticals at the company's Savar factory. Production of oncology products will begin at the end of 2016. Acme's net profit rose 76.76% to BDT 89.47 crore for the year ended June, compared to the same period last year. The market share of the company was 8% last year when it exported 70 products worth BDT 53 crore to 20 countries.

Food & Allied

OLYMPIC completed its installation of machineries for its 2 new Biscuit Lines

Olympic has completed its installation of machineries for its 2 new Biscuit Lines (Line-6 and Line-7). The Company has further informed that the production of aforesaid 2 new Biscuit Lines will start from October 15, 2014. Its production capacity will increase from 5,000 tons to 7,500 tons per month and will be able to produce and sell many newer types of international quality biscuits.

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.

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Value for our clients

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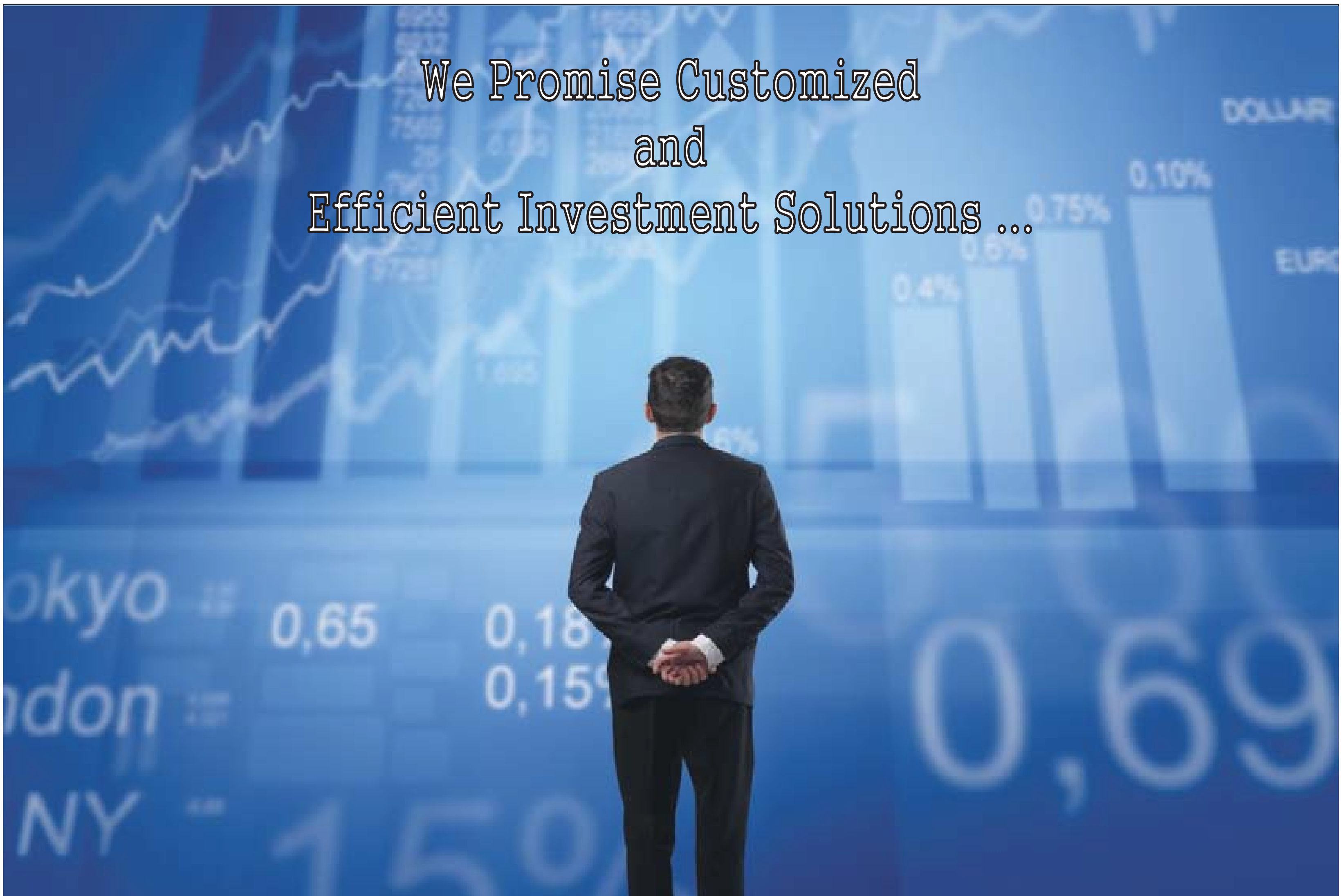
- Daily Market Update: Clients can get information on market movement along with clarifications on overall market pulse.
- Equity Note: Provide brief company insights based on fundamental analysis
- Valuation Report: Deliver extended fundamental analysis on particular stock
- IPO Note: Cover information 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.



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