

# ILCL-ILSL MONTHLY

## Economy and Market Review

August : 2015 Issue : 24



## Denim Industry in Bangladesh



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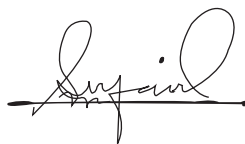
## Editorial

Welcome to our August 2015 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.

This edition covers **Denim Industry in Bangladesh** with a snapshot over the stocks defined under the sector in prime bourse.

We are looking forward to any advice or suggestions from our readers or any other concern 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 arising from our publications.

Thanking You-



**Saad Faisal**  
Chief Operating Officer, IL Capital



**Md. Humayan Kabir, FCA**  
Chief Operating Officer, ILSL

## ILCL-ILSL MONTHLY

Economy and Market Review  
August, 2015

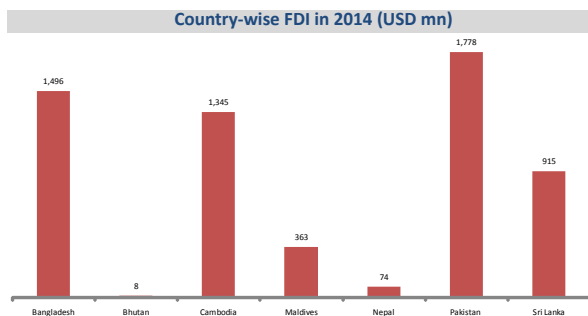
### Table of Contents

Economy Update	01
Market Update	09
Denim Industry in Bangladesh	13
Argon Denims Limited	18
Envoy Textiles Limited	19
Shasha Denims Limited	20
Mutual Fund : Monthly Update	21
Business Newsflash	23

### Economy Update

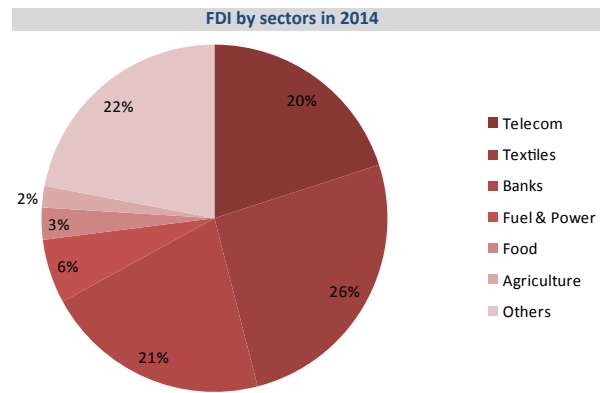
Maintaining a microeconomic stability, Bangladesh economy is moving towards attaining GDP growth rate at 7% with strong domestic demand. Masato Watanabe, Ambassador of Japan, expressed strong desire for investment in Bangladesh. A discussion was held to strengthen the long lasting collaboration in the agricultural sector. For a developing country like Bangladesh, Foreign direct investment (FDI) is considered as one of the crucial facet for fostering economic development. As Bangladesh is focusing on becoming a middle income country (MIC) by 2021, appropriate new FDI policy has been formulated to attract the more foreign direct investment.

Bangladesh attracted modest level of FDI in 2014 compared to the regional peers as shown in the figure below. However, the country lags far behind Vietnam, Thailand, Malaysia and India.



Source: World Bank Data and IL Capital Research

Recently, a study has identified Bangladesh's 11 sectors which could offer rewarding businesses opportunities to the investors. Of the 11 sectors, the study shows jute, textile and apparel in which the country is historically famous for producing muslins and golden fiber as promising for value addition and supply chain for enjoying comparatively cheap labor structure for a longer time than other South and Southeast Asian countries. But shipbuilding and ship breaking, information technology, pharmaceutical and light engineering, agro-processing food products and retailing are also considered equally important sectors. Companies can fully exploit the demographic-dividend bonus alongside the advantages coming from the country's backwardness in a number of areas.



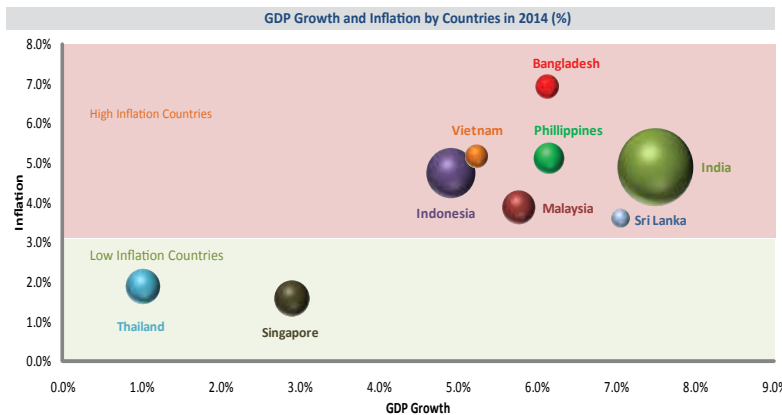
Source: Board of Investment (BOI) and IL Capital Research

Bangladesh has entered into the third phase of its demographic transition. The annual growth rate of working age (15-64 years) population decreased from 2.9% to 1.9% currently. But the Participation of female work force is boosting economic growth by mitigating the impact of a shrinking workforce. International Labour Organization (ILO) stated that Bangladesh has a upward trend in female participation with 57% from year 2010 to 2014 which is the third largest in south Asian countries.

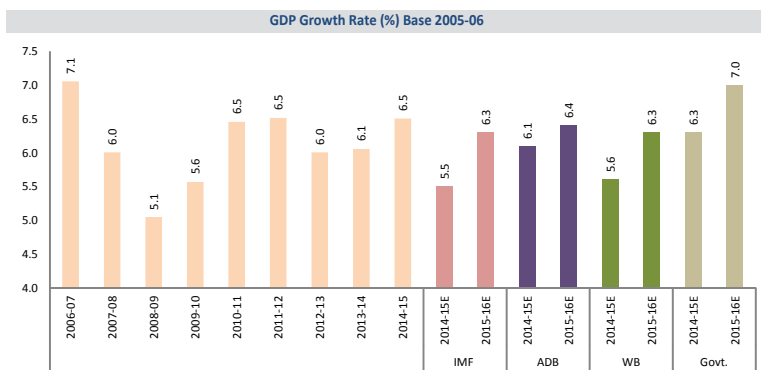
Despite ups-and-downs in global economy and subsequent slump in growth, Bangladesh's economy has been maintaining an impressive growth rate of more than 6% on average over the last 10 years. . The average annual growth is expected to be 7.5-8% by creating more and better jobs. The government has set its economic growth target to 10% in 2021 with an average of 7.3% in its sixth five year plan. Increasing investment by 5% of GDP from the current 28.27% will ensure this fastest growth of GDP.

The World Bank has forecasted that Bangladesh could achieve 6.7% GDP growth in 2016 and 2017, while that of India could be close to 8.0%. However, according the research, Pakistan could suffer with depressed growth number in 2016, which could be around 3.7%. In the development outlook of Bangladesh, The World Bank stated **“Despite political turmoil, structural constraints, and global volatility, the Bangladeshi economy is maintaining macroeconomic stability and moving forward.”**

**GDP:**

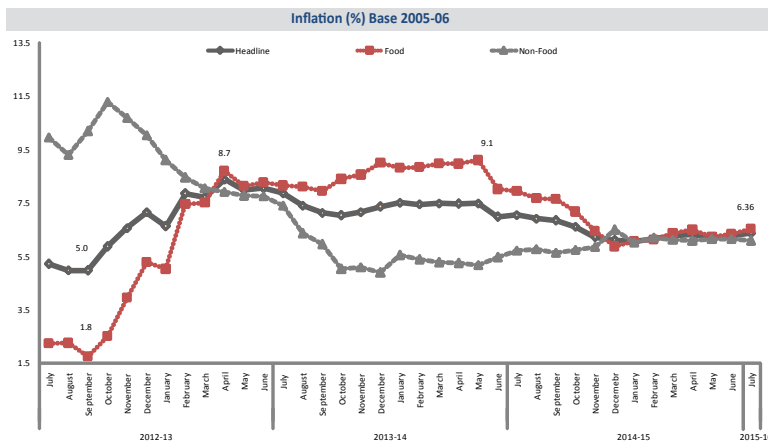


South Asia Economic Focus on increase in the regional growth from 7% in 2015 to 7.6% by 2017 by maintaining a strong consumption and increasing investment. Now, South Asia is the fastest growing region in the world. Expansion of Indian economy, cheap oil price will accelerate this growth. Cheap oil opens the door to rationalize energy price and reducing the fiscal burden from subsidies. Reduction in subsidies bill will be beneficial for the investment in infrastructure. Stable macro-economic factors driven Bangladesh to attain the projected GDP growth at 7% throughout this fiscal year 2015-2016.



The strong domestic demand base, gradual improvement of investment climate and moderate single digit inflation are expected to raise GDP growth rate in Bangladesh. Recovery in the US and the Euro Zone should boost garments export and increasing trend of remittances inflow particularly following the migration of Bangladesh workers in Saudi Arabia will support sound investment consumption and GDP growth rate in Bangladesh. The data compiled by WB states that India will be fastest growing major economy with GDP growth rate 7.5%.

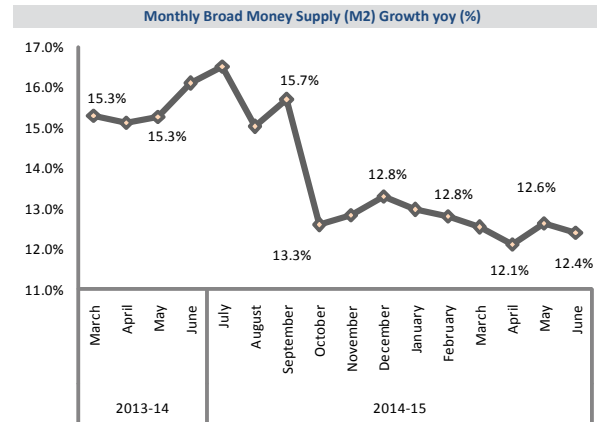
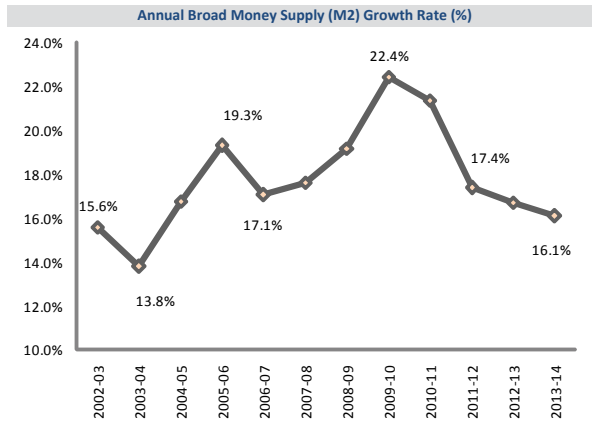
**Inflation:**



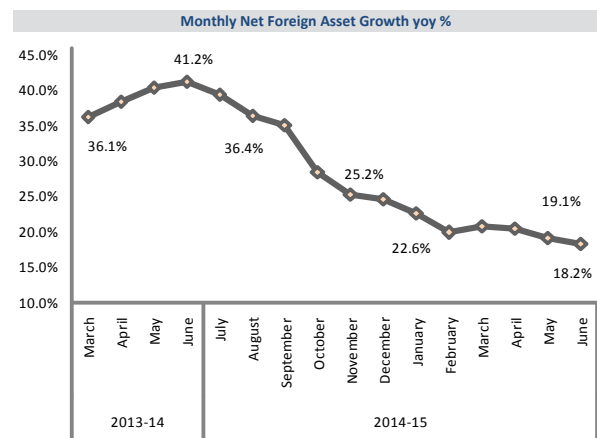
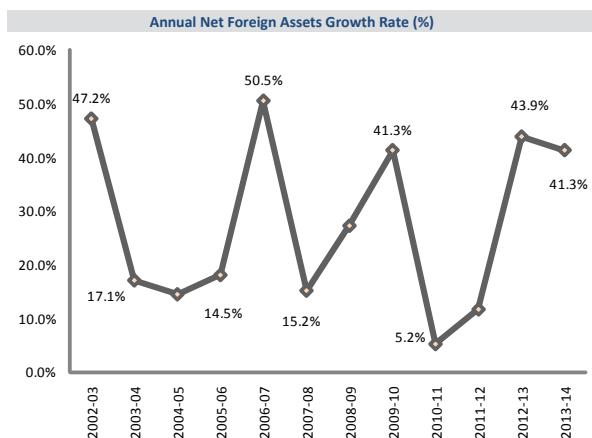
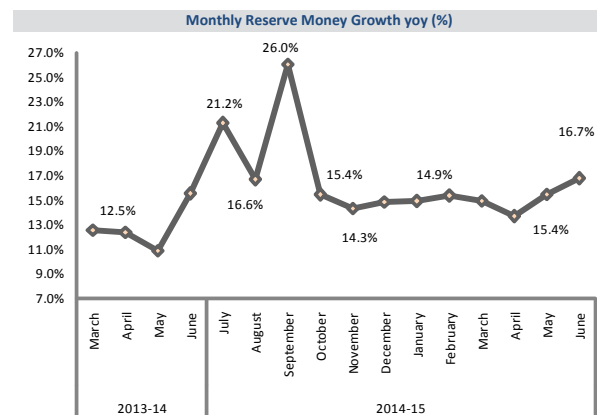
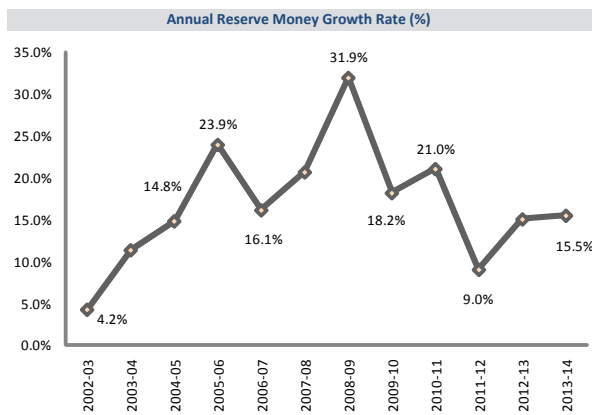
The point-to-point inflation of Bangladesh for the month of July stood at 6.36%. The food inflation is 6.56% at the end of the month of July FY2015-16, while non-food inflation stood at 6.08%. The food inflation for July FY2015 was 8.55%, while the non-food inflation was 5.41%. The average year to year rate of inflation from July FY2014 to June FY2015 stood at 6.41%, which was 7.35% from July FY2013 to June FY2014.

Source: United Nation: World Economic Situation and Prospects 2015, Bangladesh Bank and IL Capital Research

**Money Supply:**



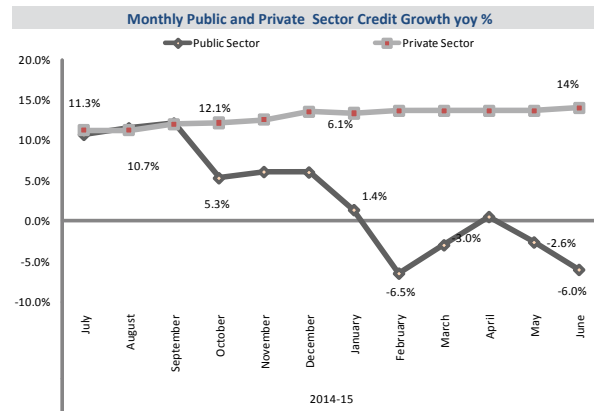
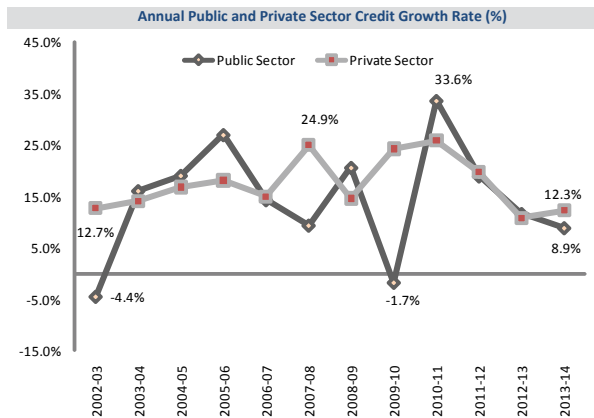
The country's broad money growth rate declined from 12.6% in May to 12.41% in June FY2015. On the other side, reserve money growth rate increase to 16.7% in June FY2015 from 15.4% in May FY2015. The reserve money growth rate was 15.5% in June FY2014.



The net foreign asset of Bangladesh has been declining since June FY2014, from 41.2% to 18.2% in June FY2015. This trend may indicate that the country is lowering its debt position in the world market.

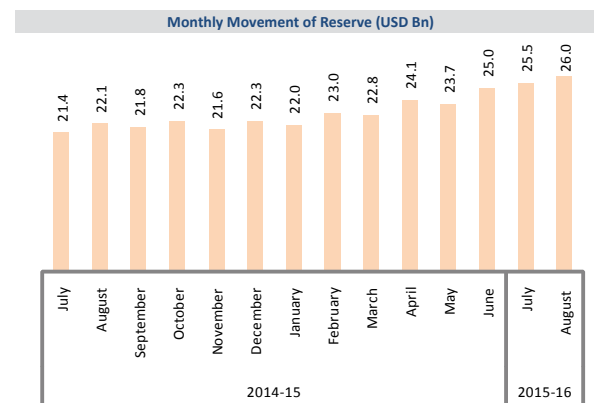
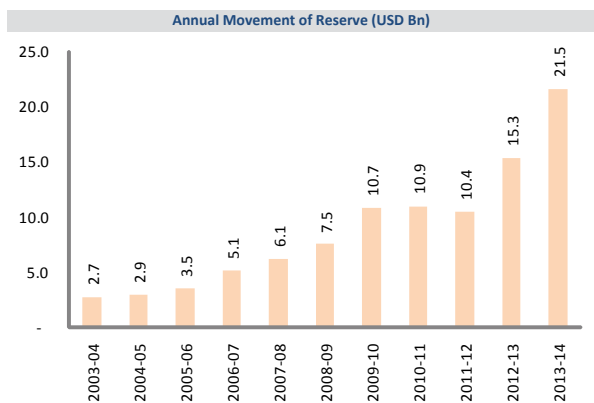
Source: Bangladesh Bank and IL Capital

### Money Supply (Continued):



The private sector credit growth decreased to 14.1% level in June FY2015, which was 15.4% in May FY2015. With the recent signs of business expansion activities and credit demands, the private sector is showing an upward trend. On the other hand, the public sector credit growth has been consistently declining since September last year. It has declined to 6% in June FY15 to 2.6% in May FY2015. At the end of FY2016 private sector credit growth is projected to grow at 15% and public sector credit at 23.7% in Monetary Policy July-December 2015.

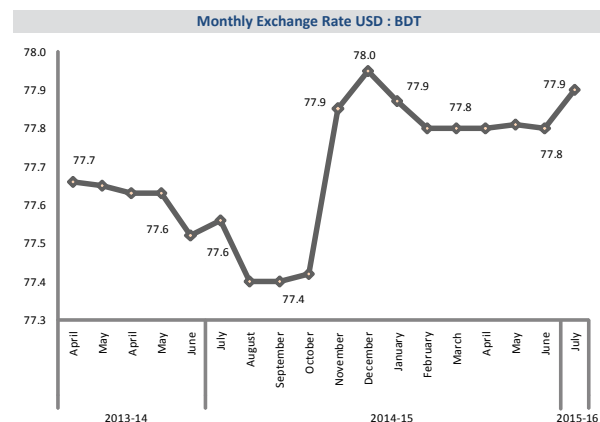
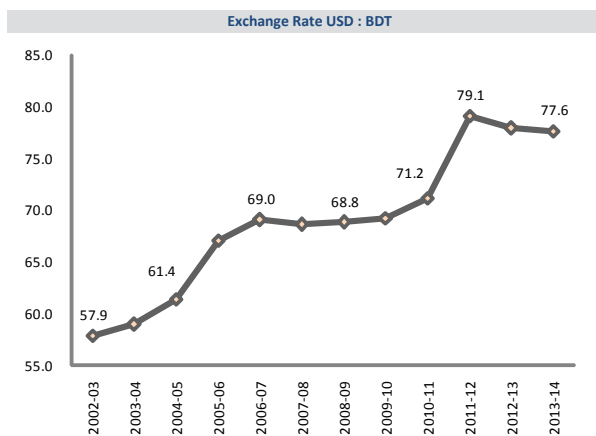
### Reserve:



The reserves marked USD 26.03 billion in August FY2016 with stable growth in export earnings and remittance. The reserve at the end of June FY2015 was stated to be USD 25 billion. The current reserve is expected to be enough to pay import bills up to seven months. Foreign exchange reserve in Bangladesh averaged USD 13715.06 million from 2008 until 2015. Declining import bill for food grains and petroleum oils also played an important role in fueling the reserve according to the statement of Bangladesh Bank. According to the analysts the private sector's increasing dependence on loan from foreign source has had a major role in country's forex reserve figure every month. The growing forex reserve have helped the central bank to maintain a stable exchange rate over the last couple of years.

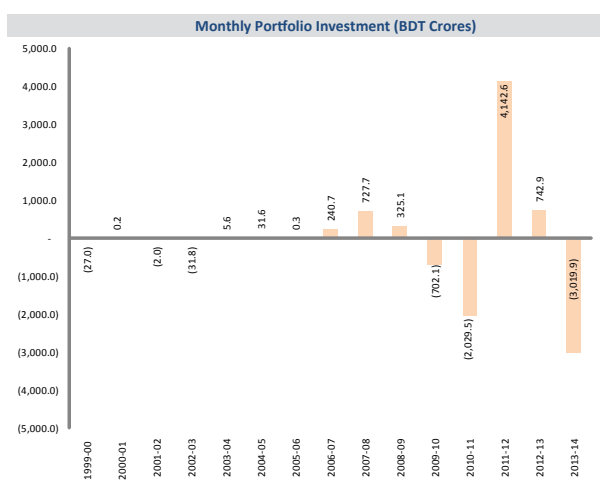
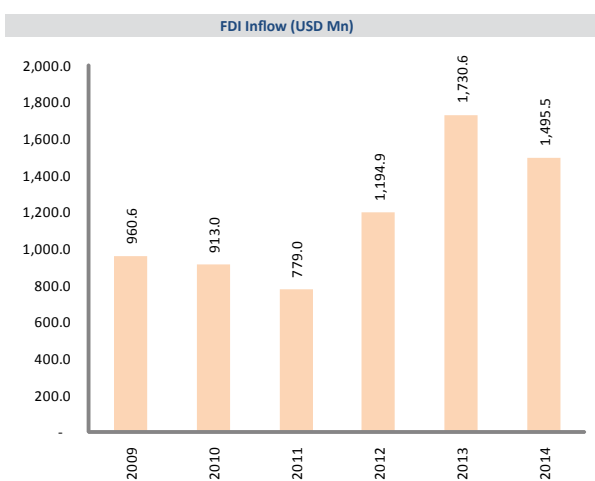
Source: Bangladesh Bank and IL Capital Research

### Exchange Rate:



The Central Bank has kept the USD BDT exchange rate steady at BDT 77.8 for the fourth consecutive months. This month USD BDT exchange rate is BDT 77.9. The Bangladesh Bank will continue its dollar purchasing from the local market to keep the stable exchange rate between dollar and taka.

### FDI Inflow and Portfolio Investment:



Asia has become the world's largest investor region in 2014 with the amount of USD 440 bn. North-America and Europe had USD 390 bn to USD 286 bn respectively. A report launched by UNCTAD stated that among the 20 largest investors nine were from developing and transition countries. China became highest recipient of FDI in 2014.

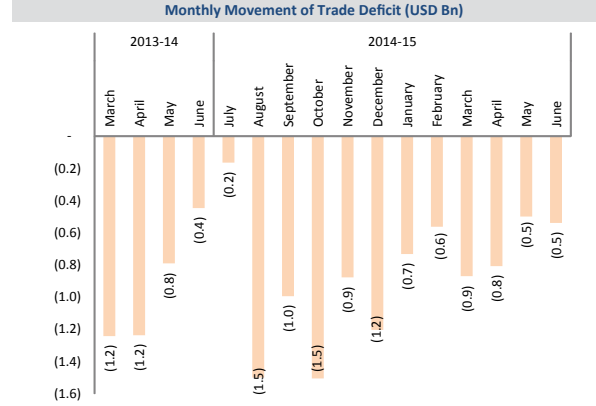
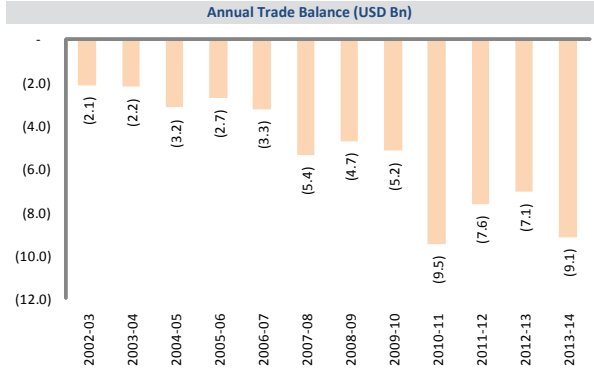
Global Foreign direct investment inflows are projected to grow by 11% to USD 1.4 trillion in 2015.

Experts believe that Bangladesh needs investment at least 5% Points of GDP to be a Middle Income Country (MIC) by 2021. Consistent and reliable fiscal and capital market management will instill confidence in the investors.

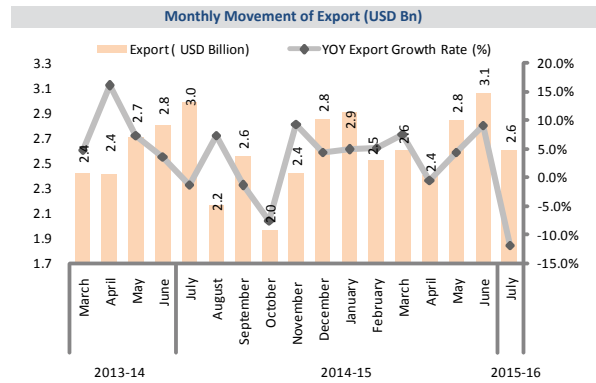
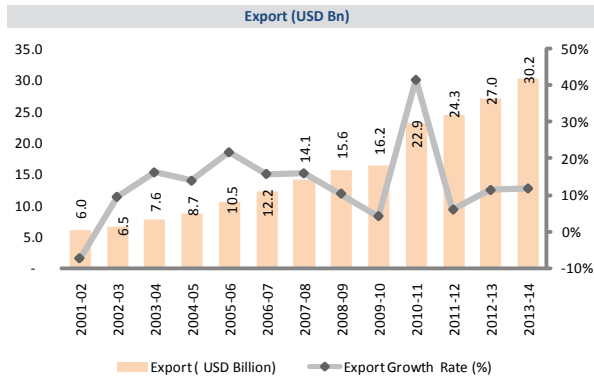
Source: Bangladesh Bank and IL Capital Research.



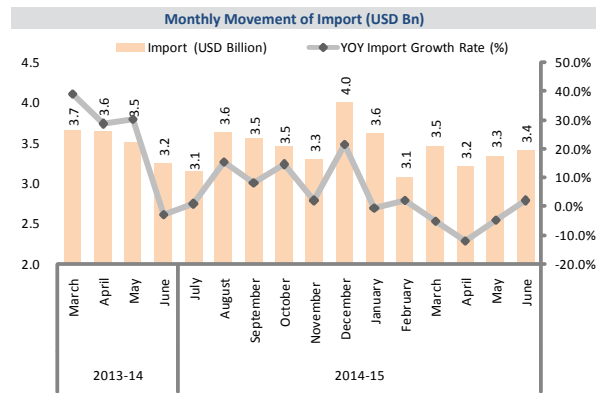
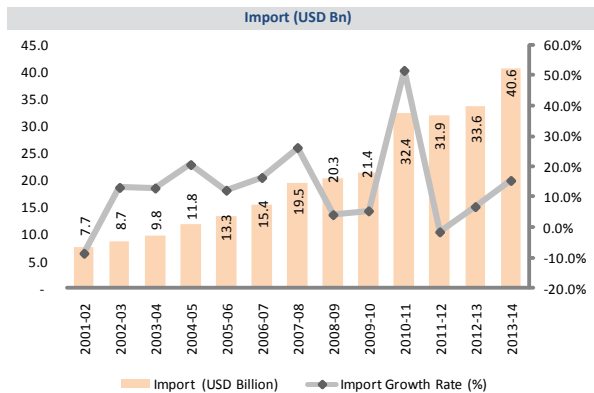
**International Trade:**



Export fell to USD 2.6 billion in July FY2016 from USD 3.1 billion in June FY 2015. Economist suggested for devaluation of taka against dollar to avoid lower trend in export. On the other hand, import remained in upward trend because of higher level of imported capital machinery. In the month of June FY2015, import is in USD 3.4 billion which was USD 3.3 billion in May FY2015.

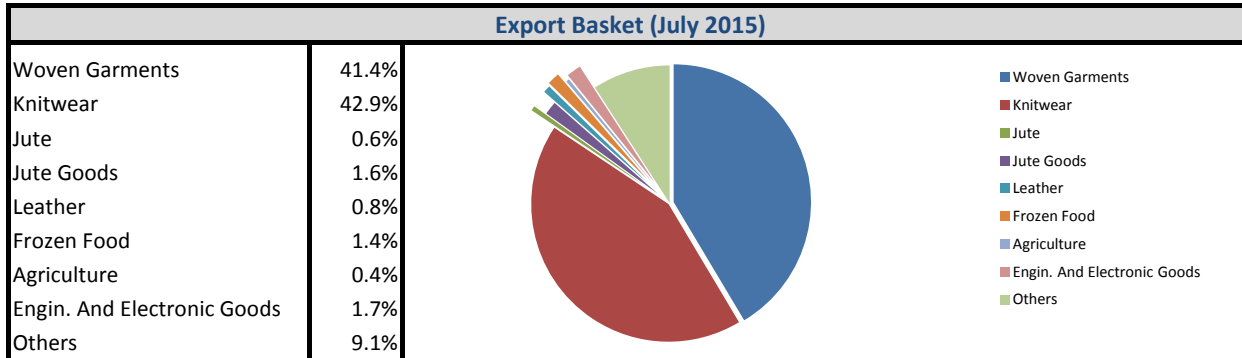


Import in Bangladesh increased to BDT 262.58 billion in June from BDT 259.93 billion in May FY 2015. Bangladesh has a competitive advantage to import energy from India. Bangladesh has trade gap with China worth more than USD 6 billion a year. Bangladesh export more than USD 500 million to India a year and almost the same amount to China. Both India and China have been offering a diversified export basket to Bangladesh.

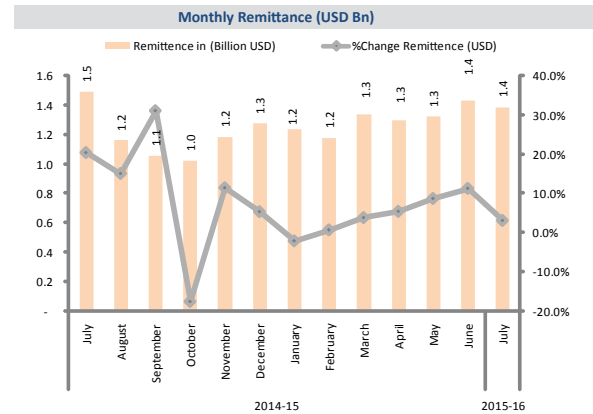
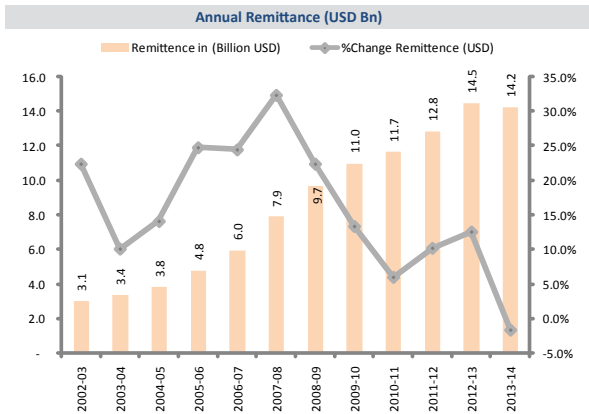


Source: Bangladesh Bank and IL Capital Research

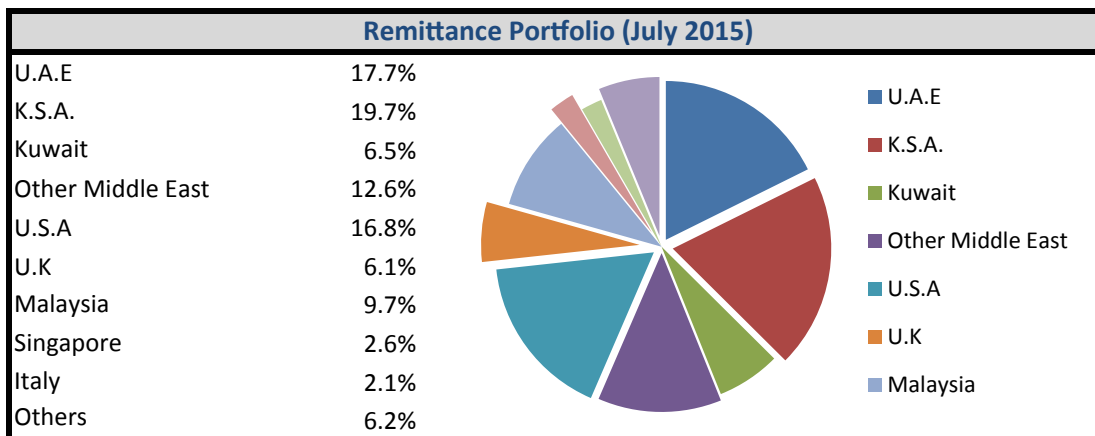
**International Trade (Continued):**



**Remittance:**

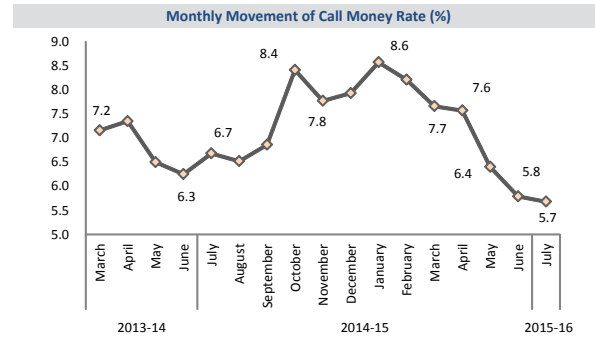
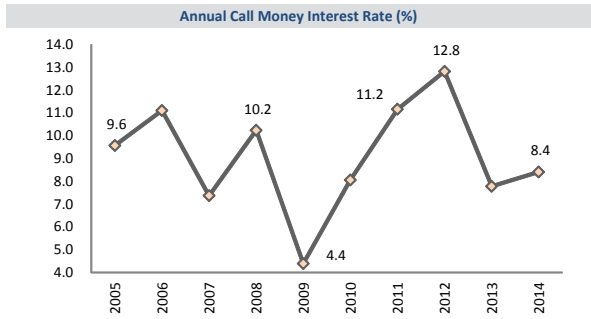


Remittance receipt decreased by 6.90% year on year and stood at USD 1.39 billion in July FY 2016 from USD 1.49 billion in the corresponding month of FY 2015. In July, 2015 remittance receipt also decreased by 3.4 percent month on month from the previous month of FY2015. The total remittance inflow in the first 11 months of FY 2015 is around USD 13.87 billion which is 7.21% higher than the same period of previous year.



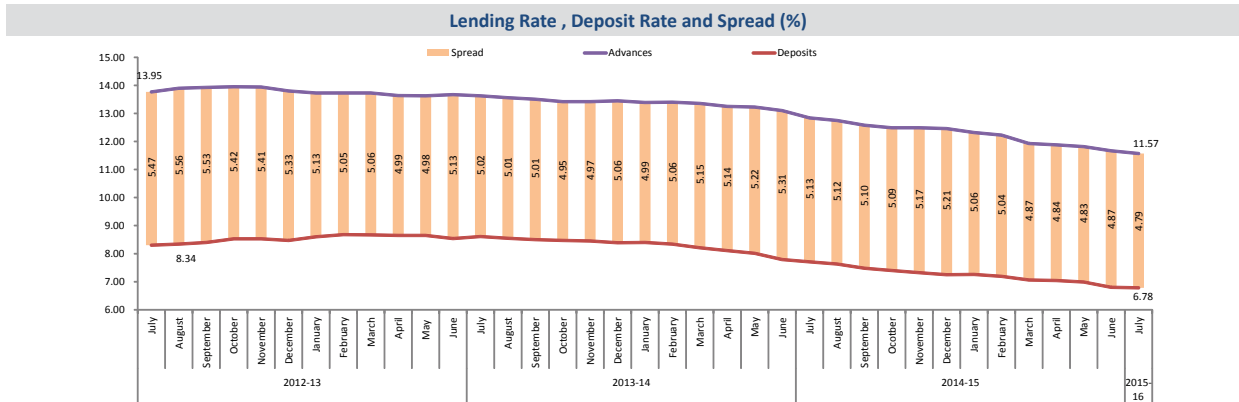
Source: Bangladesh Bank and IL Capital Research

### Interest Rate (Continued):



The inter-bank call money rate remained stable throughout the month of July as the USD dollar was stable against the local currency in the inter-bank market. The call rate ranged between 5.30% to 6.50%. It stood lower than the repo-rate of 7.25%.

The weighted average interest rate of deposit stood at 6.78% with the 11.57% in the interest rate of advance. Increasing trend in the interest rate of advance may discourage borrower to take advance from domestic market. With the rising trend in deposit interest may assist government to formulate capital in domestic currency to expand investment in country.



Source: Bangladesh Bank and IL Capital Research



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  - Bonds and Convertibles
    - Margin Lending
  - Non-Discretionary Investment Management
  - Discretionary Investment Management

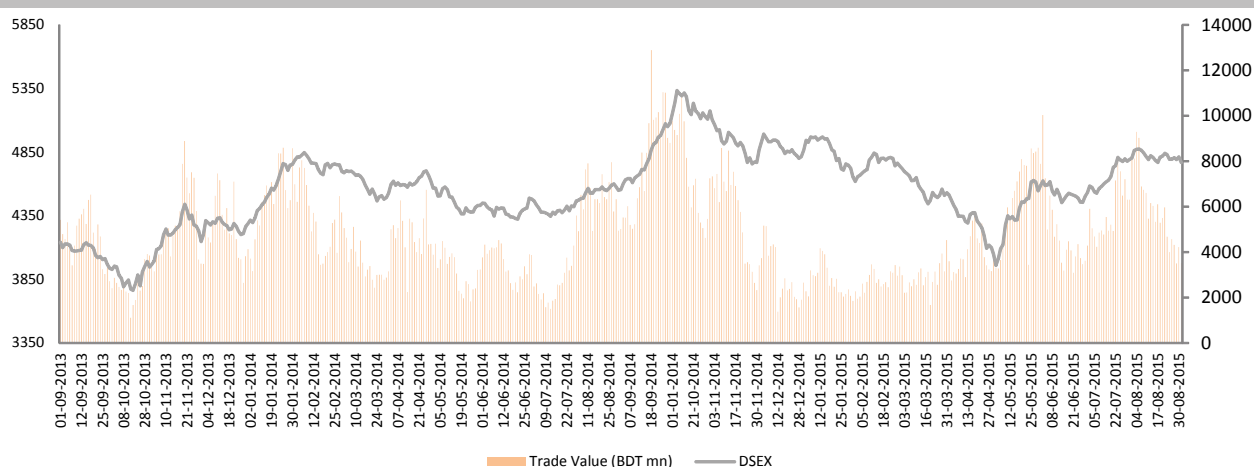
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**MARKET UPDATE:**

- The benchmark index of Dhaka Stock Exchange (DSEX) was down by 2.0% in August 2015 and it was down by 1.2% Year-to-Date as on August 31st 2015.
- During the month of August 2015, Market (DSEX) witnessed bearish trend mainly driven by the down-trend in share prices of Paper & Printing, Travel & Leisure, Cement, Ceramics and Telecommunication.
- The major sectors that set backed during the month of August 2015 were Paper & Printing (-14.6%), Travel & Leisure (-5.4%), Cement (-8.3%), Ceramics (-7.3) and Telecommunication (-4.3%).
- On the other hand, the sectors that gained were Jute, Miscellaneous, Bank, Tannery and Footwear in August, 2015.
- Among the companies traded in the Dhaka Stock Exchange (DSE), NORTHERN (57.2%), BDAUTOCA (41.4%) and MONNOCERA (40.6%) were the top gainers in August 2015.
- On the other hand, the major loser companies in August 2015 were MEGHNALIFE (-26.3%), ALLTEX (-23.5%) and TOSRIFA (-17.6%).
- During the month of August 2015 the average daily turnover in the public market of Dhaka Stock Exchange was down by 45.0% and it reached to BDT 3.11 bn from BDT 5.66 bn in July 2015.
- Average daily turnover of Jute sector increased by 65.3% followed by Tannery & Footwear (78.7%), Banks (50.6%) in August 2015 than that of July 2015.
- However, in Dhaka Stock Exchange the average daily turnover of Ceramics sector declined by 80.5% in August 2015 followed by Travel & Leisure (72.6%), Paper & Printing (70.7%) and Telecommunication (63.1%).
- There are sectors that have outperformed DSEX Year-To-Date namely Pharma & Chemicals by 22.9%, Food by 17.6%, Tannery and Footwear by 7.9% and Engineering by 4.6% as of August 31st 2015.
- On the other hand, Insurance, Travel & Leisure, Real Estate & Services, Telecommunication and NBFIs have underperformed DSEX Year-To-Date as of August 31st 2015 by 19.5%, 15.2%, 13.2%, 9.8% and 7.7% respectively.
- Market capitalization of DSE decreased by 0.9% to BDT 2.79 trillion (USD 35.61 billion) as of August 31st 2015 from BDT 2.81 trillion (USD 35.93 billion) in July 30th 2015.
- No security was listed in DSE in August 2015; the latest two securities that have been listed in July 2015 are Tosrifa Industries Limited and Olympic Accessories Limited.

**DSEX and Turnover movement in DSE**



Sources: DSE and IL Capital Research

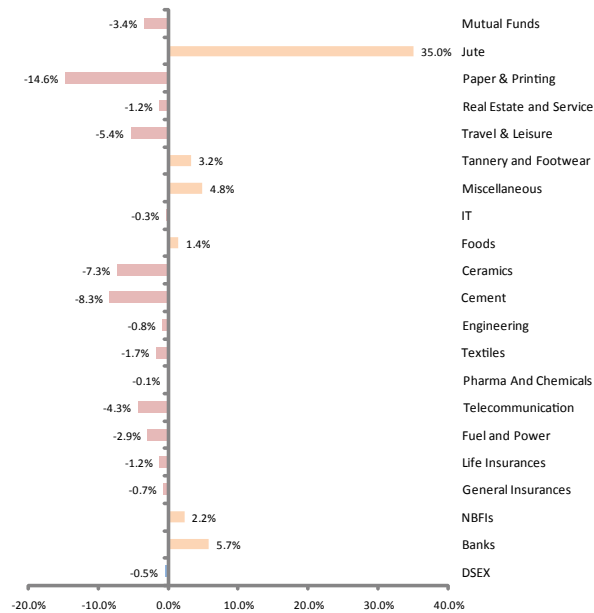
**Market Capitalization of DSE**

Instruments	31-Aug-15			30-Jul-15			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,755,792.9	35,217.8	98.9%	2,779,728.5	35,523.7	98.9%	-0.9%
Mutual Fund	30,960.0	395.7	1.1%	32,065.2	409.8	1.1%	-3.4%
<b>Total</b>	<b>2,786,752.9</b>	<b>35,613.5</b>	<b>100.0%</b>	<b>2,811,793.7</b>	<b>35,933.5</b>	<b>100.0%</b>	<b>-0.9%</b>

Note: Exchange Rate USD 1 : BDT **78.25**

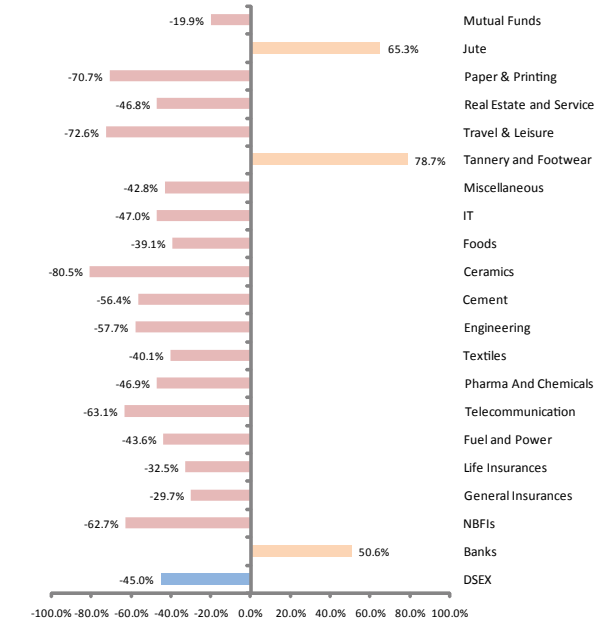
Source: DSE and IL Capital Research

**DSEX and Sectors Movement in DSE (Monthly)**



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

**Average Turnover Movement in DSE (Monthly)**



Note: Average Turnover excludes Block and Oddlot Market transaction

Source: DSE and IL Capital Research

**Top Gainers This Month**

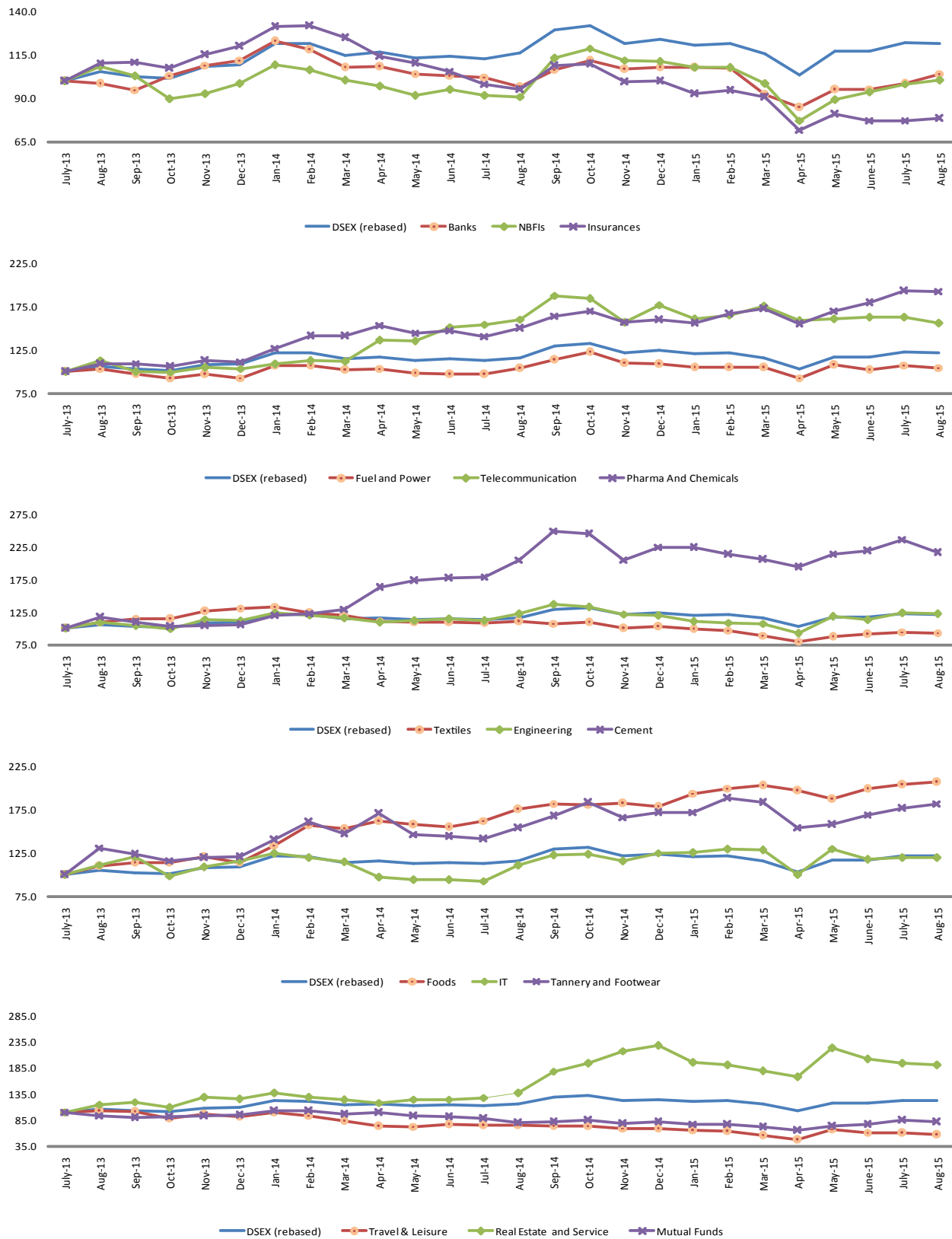
1 NORTHERN	57.2%
2 BDAUTOCA	41.4%
3 MONNOCERA	40.6%
4 GEMINISEA	36.6%
5 ISLAMIBANK	35.6%
6 JUTESPINN	34.9%
7 1STICB	33.3%
8 APEXFOODS	29.9%
9 IBNSINA	29.7%
10 APEXTANRY	28.5%

**Top Losers This Month**

1 MEGHNALIFE	-26.3%
2 ALLTEX	-23.5%
3 TOSRIFA	-17.6%
4 OAL	-16.5%
5 HAKKANIPUL	-14.6%
6 PHPMF1	-14.0%
7 ACIFORMULA	-13.5%
8 UNIONCAP	-13.2%
9 POPULAR1MF	-12.7%
10 TRUSTB1MF	-12.7%

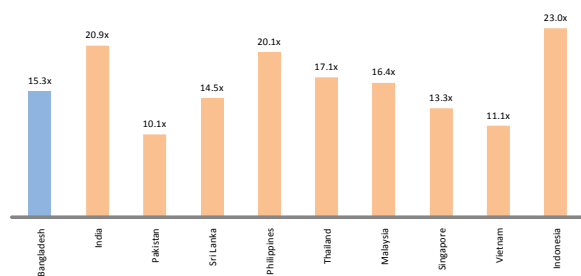
Source: DSE and IL Capital Research

DSEX vs Sectors Movement (Base Value: 100 and Base Date: July 2013)

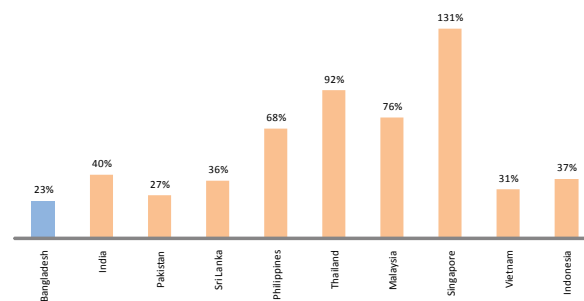


Note: The sector Indices are market capitalization weighted indices. Should you require any further clarification over index calculation methodology, please don't hesitate to contact IL Capital Research Team.

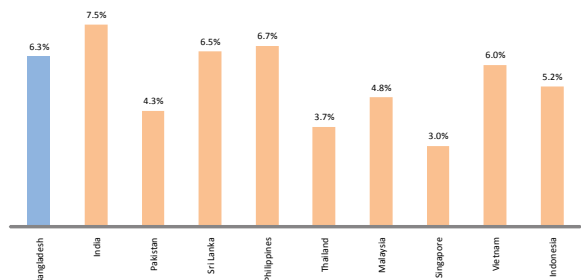
**Price to Earning Ratio**



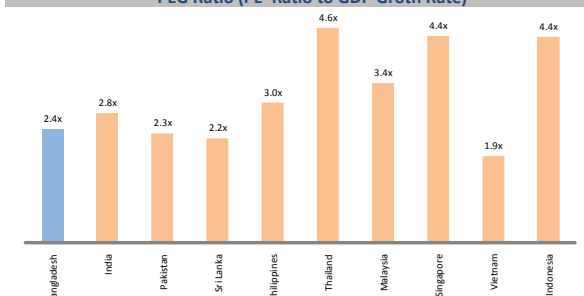
**Market Cap. To GDP Ratio (%)**



**GDP Growth Rate in 2015 (%)**



**PEG Ratio (PE Ratio to GDP Groth Rate)**



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

- As on August 31st 2015, Bangladesh (Dhaka Stock Exchange) is trading at 15.3x PE, which is lower than that of Philippine (20.1x), India (20.9x) and Indonesia (23.0x). However, Bangladesh (DSE) is trading higher than that of Pakistan (10.1x) and Vietnam (11.1x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on August 31st 2015 is 2.4x which is lower than that of Singapore (4.4x), Malaysia (3.4x), Indonesia (4.4x) and India (2.8x). However, it is higher than that of Srilanka (2.2x) and Vietnam (1.9x).

**Regional Market Comparables**

Country	Index Symbol	Index Point	52-Week Low	52-Week High	Market Cap. (Local bn)	PE Ratio	Ex. Rate vs US\$
Bangladesh	DSEX	4769	3.96	5.37	2,787	15.3	77.8
India	SENSEX	26392	25.3	30.02	43,780	21.7	62.5
Pakistan	KSE100	34447	27.77	36.47	6,510	10.6	101.7
Sri Lanka	CSEALL	7350	6.76	7.67	3,120	14.7	133.8
Philippines	PCOMP	7098	6.6	8.14	8,230	20.7	44.3
Thailand	SET	1372	1.29	1.29	12,880	19.2	32.8
Malaysia	FBMKLCI	1612	1.5	1.88	948	16.8	3.7
Singapore	FSSTI	2940	2.81	3.55	487	14.7	1.4
Vietnam	VNINDEX	570	0.511	0.644	1,109,960	13.5	21365.0
Indonesia	JCI	4476	4.11	5.52	4,260,890	23.7	13183.5

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

We Dig Through The Bottom...



## ILSL Research

Dedicated and Qualified Research Team

Uphold Professional and Ethical Manner

Ensure Loyalty and Fair Dealing to Clients

Conduct Investors' Awareness Program on Regular Basis

Exercise Diligence, Independence and Thoroughness in Analysis



## DENIM INDUSTRY IN BANGLADESH

Despite the dearth of orders faced by the garments industries, denim fabrics and its diversified products among the new textiles items is gradually becoming the flagship product for the Bangladeshi exporter.

Since the commencement, worldwide market of denim remains evergreen. Centuries ago, denim had a limited usage but with the versatility of its utility now the demand for denim is always sky high in the global market. Irrespective of any market condition, denim get ready acceptance to the consumers.

Comfortable in nature and smart in looking has resulted in the wider popularity of the denim fabric goods around the globe. Denim, primarily a cotton fabric, is much more than just a cotton fabric and has fascinated designers, youth and celebrities. Denim is used to produce clothes for all the season, with changes in style and fashion, for both men as well as women. The huge demand of denim by fashion connoisseurs globally has opened up a new opportunity for Bangladesh.

The country has become one of the most important centers for producing denim apparel products and exporting the same around the globe. The country's ability to supply denim fabrics at a competitive price range along with quality products has helped to gain great global market access.

The growth of denim in terms of production, export and investment has marked a significant growth in the local market over the last ten years as most of the major textile producers have been producing denim especially since 2005 after withdrawal of the quota system.

### Global Market Scenario:

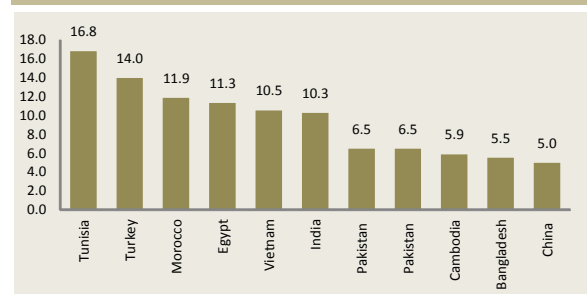
Denim was only being manufactured in the United States till 70s, subsequently denim manufacturing has spread across the globe and is manufactured in various countries including Bangladesh, Pakistan, Indonesia, China, India, Italy, Turkey, Japan, Hong Kong, Thailand, Australia, Greece, Morocco, Tunisia, Taiwan etc.

Global Denim Industry Statistics	
Total number of denim jeans sold worldwide annually (in bn)	1.24
Size of Global denim market (in bn)	USD 60
Global denim fabric production in meters (in bn)	7.0
Average price of a pair of denim jeans	USD 45.32
Total number of denim mills worldwide	513

Source: Retail Monitor, World Denim Market Report, Cotton Incorporated & ILSL research.

The denim market is a considerable global industry. Denim jeans represent an estimated USD 60 billion global market for retailers. Moreover, the global Market for Denim is expected to reach USD 64.1 billion by 2020. The current annual denim production is approximately 7 billion meters, and over 70% of the denim being manufactured in Asia, primarily in China, India, Turkey, Pakistan and Bangladesh.

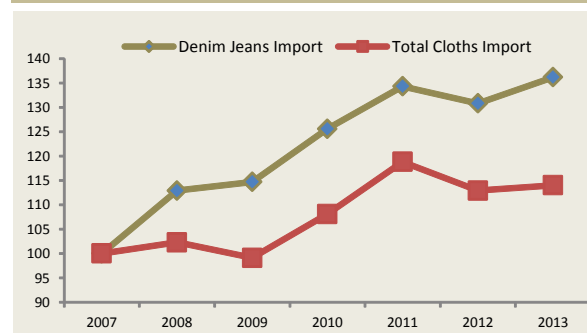
**Average Price in Euro for imported jeans in the EU in 2013**



Source: Eurostat & Messe Frankfurt & ILSL Research

Of the approximate 513 denim mills across the world, there are only a handful of Denim mills in United States, and 450 denim mills in Asia, with 300 of these in China alone. The European Union (EU) countries and US imports most of the denim produced around the globe.

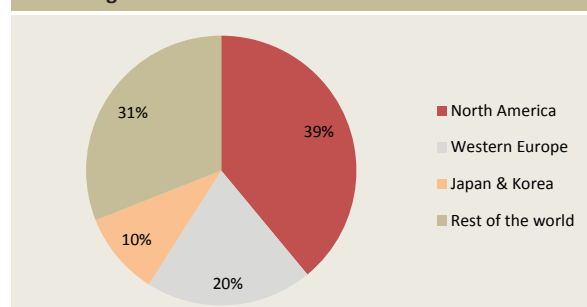
**Trends in the European imports (value) of denim jeans compared to total cloths import (Rebased)**



Source: TEXWORLD report by Messe Frankfurt & ILSL Research

Denim mills in Europe, Japan and Korea have small scale operations with a focus on quality and aiming at higher profits with small production lots.

**Regional Distribution of Global Denim Products**

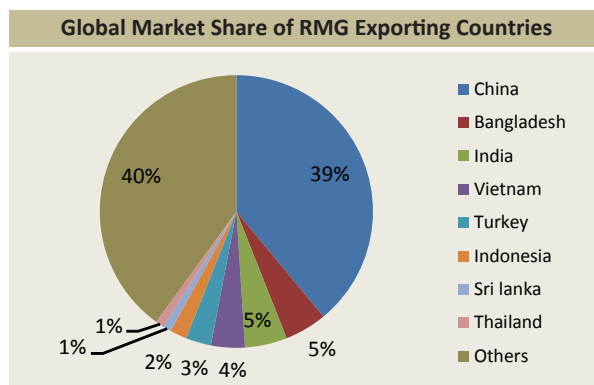


Source: Retail Monitor, World Denim Market Report, Cotton Incorporated & ILSL research.

The global recession has left a lasting impact on the consumer spending which has put considerable pressures on the global denim businesses. Resultantly, consumer focus is now more on low end denim products which made it difficult for country like china to sustain in the business, that specialize in high value added denim business due to high labor cost. Such a scenario has created more potential for country like Bangladesh, where cheap labor cost is a blessing.

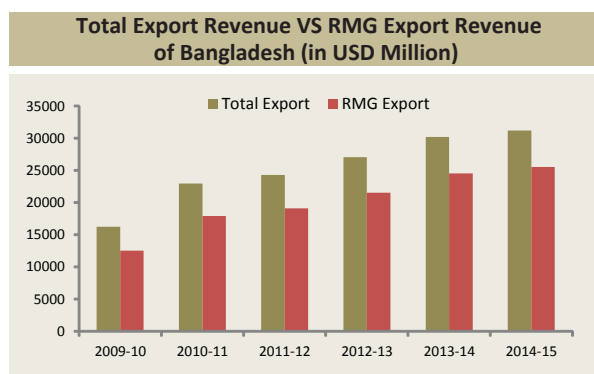
**Preview of Bangladesh RMG Sector**

Bangladesh has a mature garments industry with a tradition of more than 35 years of export to the international market. Bangladesh is the 2nd largest RMG exporting country of the world. Bangladesh has a 5% share in the more than USD 450 billion global apparel market. But there is a considerable gap between China, the largest and Bangladesh. But production cost in China is now getting higher and such scenario is offering Bangladesh a competitive edge over China.



Source: WTO, Standard Chartered Research & ILSL Research

In Bangladesh, the readymade garment industry started its journey in the late 1970s with only USD 12,000 export. In 2009 the RMG export reaches 11.2 billion dollar and the export became 24.58 billion dollar in 2013-14.



Source: Export Promotion Bureau, BGMEA & ILSL Research

However, the Bangladesh Garment sector failed to achieve the targets set for the FY 2014-15, experiencing only 4.06% growth and earning USD

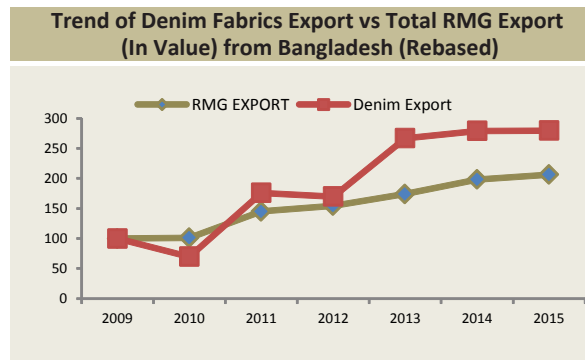
25.50 billion against the target of USD 26.90 billion, according to Export Promotion Bureau. The garment manufacturers in Bangladesh set out a target to hit USD50 billion in exports by 2021.

**Position of Bangladesh in International Denim Market**

Bangladeshi Denim is eyeing a larger global market as its consumption is spreading among the fashion hungry people, especially the younger people in the developed nations. Bangladesh aims to fetch USD 7 billion of the global denim fabric market share by 2021 from the existing USD 3.5 billion according to Bangladesh denim expo report.<sup>1</sup>

Presently, Bangladesh has more than USD 3.5 billion stake in the international market for denim products. It is the second largest denim apparel maker country in the world after China and ships around 180 million pieces of denim jeans around the world annually according to the industry players.

China, India and Pakistan are the major competitors of Bangladesh in terms of fabric manufacturing as they are cotton-producing countries. However, the country has the capability to lead denim garment making across the globe as it has already developed a strong washing capacity.



Source: Export Promotion Bureau, BGMEA & ILSL Research

The industry is struggling to keep up with the high volume of orders as global buyers were rushing to Bangladesh after the expiry of the quota regime, finding most competitive prices. Rising cost in China has created an opportunity to grab the increasing demand. Diversion of orders from Bangladesh's rival countries including China, India, Pakistan, Vietnam and Indonesia has opened up new opportunity for local denim goods producers, potentially helping the country to become the largest denim exporter to the EU and US market.

Global market reports reveal that Bangladeshi trouser makers are beating fast their competitors in the US and EU markets and grabbing significant market shares. For better quality and competitive price range more than 66 international brands including Charles Voegelé, G-Star, Jack and Jones, Oliver, River Island,

H&M, C&A, PVH and GAP have turned into Bangladesh in the last couple of years for denim product imports, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

While Bangladesh has traditionally been a fabric importer, the advent of denim mills is changing the equation for the exporters of fabrics to this country.

### Export

Denim apparel is becoming an important part of exports from Bangladesh. According to a report on the Bangladesh Denim Expo- May 2015, Bangladesh exported denim to the world worth USD 2.5 billion, but if we count denim related products it was USD 3.5 billion in total during the year 2014. Last year Bangladesh exported around 44 million pcs of denim to USA and 112 million pcs of denim to the EU. In 2013, the combined exports of denim jeans and related apparel to US and EU were over USD 1.2 billion with about 65% going to EU and balance to US.

Good price range and quality are the two prime factors, helping Bangladesh to fast replace China as the world's biggest denim exporter. Exports of denim items to the European Union (EU) posted double-digit growth last year, enabling the country to elbow out Turkey and China in the regional market. Bangladesh is now the largest denim exporter to the EU market. However, the country sustained the third position in the US market in the last couple of years.

Denim Export Performance in EU market-2014			
Sl.	Exporter Country	Export value (in euro mn)	Growth from the previous year's export
1	Bangladesh	932.86	15.53%
2	Turkey	871.08	7.73%
3	China	657.65	-7.40%

Denim Export Performance in US market-2014		
Sl.	Exporter Country	Export value (in USD mn)
1	Mexico	1,020.00
2	China	970.12
3	Bangladesh	418.42

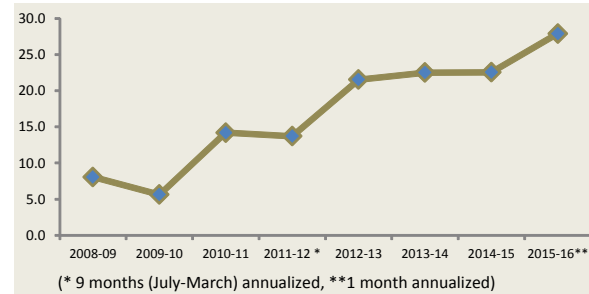
Source: The Dhaka Tribune, BGMEA, EUROSTAT data and ILSL Research.

Currently, Bangladesh is the third largest denim exporter to the US after Mexico and China with an 11.3% market share, according to the US Department of Commerce. The gradual decline in China's exports to the US and the EU has opened up the opportunities for other competitors including Bangladesh.

Bangladesh exported about 74 million pieces of denim apparel to the US market in 2013 and around 140 million to Europe, according to denimsandjeans.com. The country was also the largest exporter of men's jeans to Europe in 2013 with 89 million pieces

compared to 65 million from China. In 2013-14, exports of denim products to the US and EU markets rose by roughly 25% and day by day it is increasing.

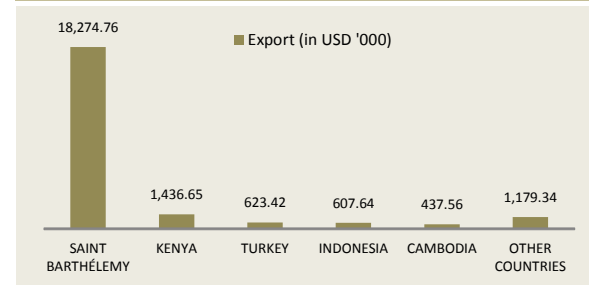
### Export of Bangladeshi Denim Cotton Fabrics (USD mn)



Source: Export Promotion Bureau & ILSL Research

During the year 2013-14, according to the Export Promotion Bureau Bangladesh export statistics data, 81.0% of the Bangladeshi denim fabrics of cotton are exported to Saint Barthélemy. Among other major countries Kenya (6.4%), Turkey (2.8%), Indonesia (2.7%) imports denim fabrics of cotton from Bangladesh.

### Country Wise Export of Denim Cotton Fabrics



Source: Export Promotion Bureau, BGMEA & ILSL Research

The European Union (EU), the US and Russia top the list in denim importing nations. Many western retailers are turning into Bangladesh to source denim goods. New export orders for denim goods have surged by nearly 20% when fresh orders for knitwear and other woven products are declining.

### Denim products and segment: Bangladesh Perspective

Bangladesh denim industry got off the ground nearly two decades ago with mainly in mid and low segment and continued with basic denims. Bangladesh mainly produces low-end denim products particularly five-pocket denim jeans while the competing countries produce mostly high-value-added products.

But in the past few years, some manufacturers has installed capacity for developing mid-range and superior grade denims. Due to the growing demand, especially for more value-added products, a few denim fabric makers are now introducing the latest

technology including rope dyeing. Rope dyeing is considered to be the best possible indigo dyeing method for yarn as short dyeing time doesn't allow indigo to fully penetrate the fibres, thus creating ring-dyed yarn that fades better and faster than fully-dyed yarn. Some big brands also demand for rope-dyed denim products and offer 10 to 15 cent more per yard. The country is now producing mid-segment of denim products on a small scale following growing demand from upscale customers.

Average Price on Denim Trousers		
	FoB price (euro)	Retail Price (euro)
Low- End Products	5.5 to 6.5	12
Mid-End Items	8.2 to 12	36

Source: The Financial Express.

Now the industry has been upbeat as Bangladesh gaining fresh grounds in overseas denim market with fashion and high end products. Fashion denims like that used spandex fibers are now being produced in the country and the industry is going for valued-added dyeing, finishing, coating and mercerizing in denims with laser applications, replacing the age-old sand blasting. Bangladesh aspires to make four in five denim items for the European market by 2020, according to the industry player.

#### Denim Production

The industry in Bangladesh presently has 25 denim producing factories with total investment of over USD 900 million (BDT 70 billion) with an annual export of over USD 300 million, according to BTMA data. The monthly production of denim stands at 30 million yards per month while the demand is nearly 60 million yards meaning that around 25 domestic denim makers supply 40-50% of the demand. To fulfill the balance demand, the country imports 30 to 35 million yards per month from countries like China, India and Pakistan which average value is USD 75 million.

Bangladesh ships more than 200 million pieces of denim jeans around the world annually, and has more than 5,000 factories concentrated around Dhaka and the port city of Chittagong. To cope with the increasing demand, the country's denim industry is poised to go for expansion and up-gradation.

According to the newspaper report and Industry insiders, the local entrepreneurs are interested in denim production due mainly to higher demand and duty-free access opportunities to the European market, the main market of Bangladeshi denim. Manufacturers are also producing high quality denim fabric for the world market.

#### Denim Consumption

Demand for denim goods has been increasing. Denim jeans for both men and women are available in the market, which is suitable for all seasons.

Denim Market Share Compared to Other Dresses in US		
Particulars	Women's	Men's
Denim Jeans	27%	38%
Pants (non-denim)	25%	31%
Shorts	9%	14%
Active Pants	8%	7%
Active Shorts	5%	10%
Dresses	17%	—
Skirts	9%	—

Source: Retail Monitor, World Denim Market Report, Cotton Incorporated & ILSL research.

According to Retail Monitor- World Denim Market Report, 96% of US consumers own a pair of jean while 60% of the Americans wear jeans to work an average of 4 days a week irrespective of the seasonal differences.

#### Market Players in the Industry

To meet the growing demand of denim fabric to international market the local investors are setting up large plants in the country.

Leading Denim Manufacturing Plants in Bangladesh		
Sl.	Plant Name	Yearly Capacity (mn Yards)
1	Envoy Denim Ltd.	50
2	Hameem Denim Ltd.	42
3	Jamuna Denim Ltd.	27.5
4	Nassa-Taipe Denim Ltd.	22
5	Partex Denim Ltd.	22
6	Shasha Denim Ltd.	21.6
7	Royal Denim Ltd.	20
8	Argon Denims Ltd.	18
9	Pacific Denim Ltd.	16.5
10	Desh Denim Ltd.	11
11	Chittagong Denim Ltd.	10.8
12	Sinha Denim Ltd.	7
13	Titas Denim Ltd.	6.6

Source: Company Website, annual reports and ILSL Research.

Some 25 units are involved with denim fabric and product making while the figure was only four to five in 2001. Five new companies -- Square, Thermax, Zaber & Zubair, Bashundhara and Fakir -- have also set up factories to join the ranks. Bangladesh has 28 green factories.

Bangladeshi firms need around 30 million meters of denim a month. Currently, Envoy Textiles Limited is the market leader that produces around 3.6 million meters of denim a month out of its capacity of four million meters. Envoy manufactures high-quality fashion denim fabrics. Many companies are now injecting fresh investment in this subsector along with the existing market players.

To meet the growing demand of denim fabric to International market, the local mills are investing hugely on state-of-the-art imported machineries especially on the weaving & processing side and setting up large plants in the country. The number of denim producers may increase to over 30 at the year-end as the new push is driving investors that way.

#### Challenges of Denim industry:

**High investment Cost:** A Standard Denim Fabric manufacturing plant requires about BDT 1000 million initial investments. It is considerably higher than some other investments like Knit Composite Project another large sector of the country. So, most of the investors want to make sure the return more cautiously before investing in this type of project.

**Lack of Research and Development:** In this rapid changing fashion world, denim products are facing massive diversification very frequently. Nevertheless, the management of the denim industries very often shows interest in research work market to develop new product and low cost process. Without adequate budget, it is impossible to achieve a fruitful output.

**Inadequate Local Yarn Supply:** Denim fabric is mainly produced from the open-end (Rotor) yarn. Local rotor yarn manufacturing industries can supply less than 50% of the domestic demand. On the other hand the slub yarn (Ring or Rotor) used in both warp and weft in fancy denim products (e.g. X-hatch denim) and the core spun yarn used as weft in stretch denim fabric are mainly imported from neighboring countries like India, Pakistan, China, Taiwan, and Thailand. Recently some domestic spinning mills are producing quality slub yarn but not meeting the rapidly growing local demand. When it is about the core spun yarn or polyester filament yarn, the country's local infrastructure is not satisfactory in both quantity and quality.

**Dependent on imported Chemical:** Colorants and auxiliaries required for warp dyeing and garment washing are fully imported from abroad. Other Asian low cost denim exporting countries of like China, India, and Pakistan are using their own chemicals which save their product cost. Such import dependency has been increasing the cost for local plants.

#### Industry Prospect

The future of Bangladesh's denim industry is bright as global importers have realized that Bangladesh is not only competitive in price but can also make hi fashion denims. Hence, Bangladesh's denim industry is poised to enter a new era with massive expansion and significant up-gradation buoyed by confidence of global buyers.

#### Denim Sub-sector in the Capital Market

Three Denim manufacturing companies are currently listed to the country's prime bourse.

Stocks Listed in DSE Pharmaceuticals Sector

Ticker	Company Name
ENVOYTEX	Envoy Textiles Limited
ARGONDENIM	Argon Denims Limite
SHASHADNIM	Shasha Denims Limited

The prosperous future of this industry will definitely have a huge impact not only in the money market but also in the capital market because it is one of the major prospective economic sectors of the country. With the ever increasing demand of the Bangladeshi denim products globally and the continuous awareness within this industry, the Denim sub-sector can expect a bright future ahead of it.

#### Conclusion

The future of Bangladesh's denim industry is bright. In spite of many limitations, the country's denim backward linkage is going to be strong day by day. It must be accelerated to compete in the global market especially in fancy yarn production. Continuous research is required to develop diversified products and cost saving process. According to the newspaper report, with the new opportunity, the country will receive plenty of work orders from the international retailers, more than the capacity it has at the moment. Except the USA, almost every country--European Union countries, Canada, Australia, Japan, China and India have been giving Bangladesh products duty-free access.

[In this issue we covered three listed companies. These are: Shasha Denims Limited (DSE: **SHASHADNIM**), Argon Denims Limited (DSE: **ARGONDENIM**) and Envoy Textiles Limited (DSE: **ENVOYTEX**).]

#### References & Sources:

1. The Financial Express, The Daily Star, Dhaka Tribune
2. Bangladesh Garment Manufacturers and Exporters Association website
3. www.denimsandjeans.com
4. Export Promotion Bureau of Bangladesh
5. Company annual reports, website & interview with company personnel
6. Bangladesh Denim story, Apparel Views Bangladesh/May - Jun 2014
7. Bangladesh denim expo Report-2015.

## Argon Denims Limited

DSE: ARGONDENIM  
BLOOMBERG: ADL:BD

### Company Overview

Argon Denims Limited (ADL), a 100% export oriented manufacturing, dyeing and finishing units of denim fabrics, was incorporated on July 13, 2006 and commenced its commercial operation on March 2008. The principal activity of the Company is to manufacture 100% cotton denim fabrics for export. The Company mainly produces medium and premium range denim fabrics in various weights ranging from 4.5 oz to 13 oz. The manufacturing facility of the Company is situated at Sreepur in Gazipur.

At present, there are 102 looms along with separate wrapping, sizing, dyeing and finishing units. In 2014, the installed production capacity of the firm was 18 million yards annually of which 73.39% was utilized.

The major raw materials of ADL are yarn ranging from 6 to 16 and 30 counts and also dyes and chemicals for dyeing and finishing. The Company imported its major raw cotton (around 60%) mainly from Pakistan, India and Thailand. It procures most of the dyes and chemicals for dyeing and finishing from Germany, Spain and China.

The Company was enlisted with the DSE and the CSE on February 19, 2013. Around 49.24% of shares of the company are held by Sponsors whereas 35.55% and 15.21% are held by General and Institutional Investors respectively.

### Investment Insight

- The Company's board has decided to make an investment for purchasing and installing 9 Air Jet Loom at approximate cost of BDT 50 million in order to increase the production capacity of the Company.
- The Company demonstrated outstanding performance over the years. 4 year CAGR (Compound Annual Growth Rate) of revenue and profit after tax of the company was 37.8% and 70.4% respectively. This is because of increase in the utilization of expanded production capacity.
- As per Annual Report, in 2014, the Company has invested BDT 56.2 mn for expansion of the business and this expansion project will facilitate in higher productivity.
- Along with the notable sales in local garments industry, the Company continued to sell its products in the European markets and now it is dynamically exploring new markets in USA, Canada, Australia and Japan.
- The Company's debt to asset ratio is 36.7%. So it is highly exposed to interest rate risk. However, the Company is emphasizing to reduce the dependency on borrowed fund.
- The company is mostly dependent on imported raw cotton, dyes and chemicals; as a result, price fluctuation in international market may affect profitability profoundly.

### Company Fundamentals as of August 31, 2015

Market Cap (BDT mn)	2,573.4
Market weight	0.1%
No. of Share Outstanding (in mn)	99.4
Free-float Shares	50.8%
Paid-up Capital (BDT mn)	993.6
3-month Average Turnover (BDT mn)	13.0
3-month Return	-3.0%
Current Price (BDT)	25.9
52-week price range (BDT)	22-49.5
Sector's Forward P/E	12.3

	2012	2013	2014	2015 (HY ann)
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#### Financial Information (BDT mn):

Sales	1,588	2,171	2,521	2,515
Operating Profit	325	461	561	547
Profit After Tax	136	227	287	275
Assets	5,001	3,833	4,066	4,320
Long Term Debt	180	74	19	24
Equity	1,757	1,992	2,236	2,373
Dividend (C/B)%	0/20	0.4	0/20	n/a

#### Margin:

Gross Profit	20.5%	21.2%	22.9%	21.7%
Operating Profit	20.5%	21.2%	22.2%	21.8%
Pretax Profit	10.8%	13.1%	14.0%	13.9%
Net Profit	8.6%	10.4%	11.4%	10.9%

#### Growth:

Sales	34.8%	36.7%	16.1%	-0.2%
Gross Profit	19.5%	41.8%	25.2%	-5.5%
Operating Profit	7.4%	41.9%	21.6%	-2.4%
Net Profit	38.3%	66.9%	26.7%	-4.2%

#### Profitability:

ROA	3.9%	5.1%	7.3%	6.6%
ROE	11.4%	12.1%	13.6%	11.9%

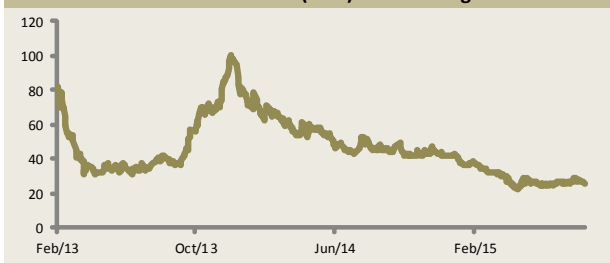
#### Leverage:

Debt Ratio	47.3%	43.0%	37.5%	36.7%
Debt-Equity	134.6%	82.8%	68.2%	66.9%
Int. Coverage	2.3	2.9	3.0	3.0

#### Valuation:

Price/Earnings	18.9	11.3	9.0	9.3
Price/BV	1.5	1.3	1.2	1.1
EPS (BDT)	1.4	2.3	2.9	2.8
NAVPS (BDT)	17.7	20.0	22.5	23.9

#### Price Movement (BDT) Since Listing



Source: Annual Reports, Prospectus, DSE website, the Financial Express, the Daily Star, BGMEA, BTMA, ILSL Research

## Envoy Textiles Limited

### Company Overview

Envoy Textiles Limited (ETL) is the pioneer of Rope Dyeing technology in Bangladesh and is one of the leading companies in the country's textile sector. ETL is a 100% export oriented denims fabric manufacturer. ETL started its commercial operation in early 2008. It has been listed in DSE and CSE from December 09, 2012.

ETL produces both basic and premium denim in a range from 6 oz to 14 oz that comes in a variety of shades and cast basic indigos and sulphur topping or bottoming, in 100% cotton and a variety of blends. In 2013-14, around 53.3% of its revenue came from selling denim to local RMG exporters (who convert fabrics to garments in Bangladesh and then export to abroad), while 28.1% of total revenue comes from direct export. ETL exports directly to countries like Cambodia, Egypt, Germany, India, Italy, Kenya, Nepal, Turkey, Sri Lanka and USA. ETL has introduced a fresh revenue segment by yarn dyeing and rewinding for local Knit RMG.

The Company's net installed capacity as on September 2014 was 50 million yards, within which 26.5 million yards was produced. Weighted average capacity utilization during the year was 86.4%.

Around 46.15% of shares of the company are held by Sponsors, whereas 20.77%, 27.59% and 5.49% are held by General, Institutional and Foreign Investors respectively.

### Investment Insight

- The BOD of ETL has finalized the plan to setup a yarn manufacturing project "ETL Spinning Unit" with a production capacity of 17,500 ton. Around 70% of raw materials can be sourced from this project on completion. The Company's Management anticipates that, "ETL Spinning Unit" will reduce the COGS, as percentage of sales, by 1.5% to 2% range. They also expects that, commercial operation of the project will start by 1st quarter of 2016 and will increase yearly profit by BDT 400-450 million from expected turnover of USD 50 million p.a.
- On December 2014 the Company has signed a MoU with Prosperity Textile (H.K.) Ltd., the largest denim manufacturer in the north of Guangdong province, China for supplying fabrics and acquiring technical know-how.
- ETL obtained foreign loan at lower interest rate e.g., HSBC Bangladesh Limited arranged USD 10.00 million at an interest rate of three month LIBOR + 4.20%. It also got USD 20 million loan for spinning project under offshore financing arrangement from HSBC Bank Ltd. and BRAC Bank Ltd. for maximum 5 years tenor.
- Currently, the company is completely dependent on imported raw materials (has no backward linkage facilities). Hence high price fluctuation of raw materials (consists of around 84.9% of cost of goods sold) heavily affects the firm's margin and profitability.

DSE: ENVOYTEX  
BLOOMBERG: ENTL:BD

### Company Fundamentals as of August 31, 2015

Market Cap (BDT mn)	7,197.2
Market weight	0.2%
No. of Share Outstanding (in mn)	144.8
Free-float Shares	1-.4615%
Paid-up Capital (BDT mn)	1,448.1
3-month Average Turnover (BDT mn)	6.7
3-month Return	4.0%
Current Price (BDT)	49.7
52-week price range (BDT)	42.9 - 63.3
Sector's Forward P/E	12.3

	2011-12	2012-13	2013-14	2014-15 (9M ann)
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### Financial Information (BDT mn):

Sales	3,758	3,984	4,391	5,707
Operating Profit	658	683	571	1,058
Profit After Tax	424	436	311	686
Assets	6,912	8,901	10,263	11,616
Long Term Lease	701	781	1,190	2,151
Equity	3,926	5,324	5,403	5,748
Dividend (C/B)%	15/5	17/3	12/3	-/-

### Margin:

Gross Profit	21.0%	21.9%	17.5%	22.4%
Operating Profit	17.5%	17.1%	13.0%	18.5%
Pretax Profit	12.0%	12.3%	7.7%	13.2%
Net Profit	11.3%	10.9%	7.1%	12.0%

### Growth:

Sales	12.3%	6.0%	10.2%	30.0%
Gross Profit	12.6%	10.5%	-11.8%	66.0%
Operating Profit	5.3%	3.8%	-16.3%	85.1%
Net Profit	-4.1%	2.7%	-28.6%	120.6%

### Profitability:

ROA	6.6%	5.5%	3.2%	6.3%
ROE	11.0%	9.4%	5.8%	12.3%

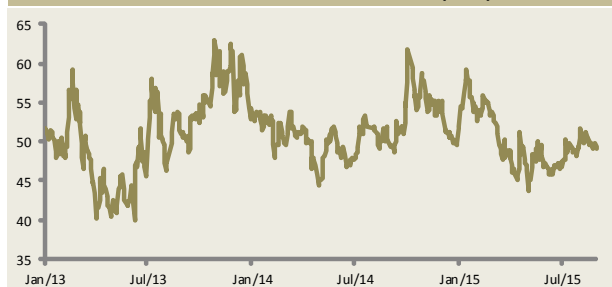
### Leverage:

Debt Ratio	20.0%	16.2%	38.0%	41.3%
Debt-Equity	35.2%	27.2%	72.2%	83.4%
Int. Coverage	3.6	4.0	2.6	3.9

### Valuation:

Price/Earnings	16.8	16.3	22.9	10.4
Price/BV	1.8	1.3	1.3	1.2
EPS (BDT)	2.9	3.0	2.1	4.7
NAVPS (BDT)	27.1	36.8	37.3	39.7

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



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

## Shasha Denims Limited

### Company Overview

Shasha Denims Ltd. (SDL) was incorporated on 28th October, 1996 and started its commercial operation from July 2000 in Dhaka Export Processing Zone (DEPZ). It produces 'denim fabrics' of varied specifications, compositions, color and qualities. As it is a deemed export company, it supplies the products to the local companies who export the products later.

Shasha Denims has three subsidiaries- Energies Power Corporation Ltd. (99.95% owned), a 55 MW Power Plant; Shasha Garments Ltd. (96.46%), a garment manufacturing unit and Shasha Textiles Ltd. (99.57%), a textile and textile related business which is not yet in operation.

SDL holds around 15% of market share in denim fabric industry. SDL sources its raw materials both locally and also from different countries. Yarn, the main raw material, is mainly sourced from Bangladesh, Thailand, Pakistan and china and Chemical is sourced from Spain, Singapore, Germany, Netherland, Saudi Arabia, China, India, Turkey & Australia. SDL has an annual capacity of 21.60 million Yards. In 2014, SDL produced 18.2 million Yards denim products, which is 84.26% of its total capacity.

The company became listed with CSE and DSE in January 2015 and February 2015 respectively. Currently, 46.3% shares are held by the company's sponsor/ director, 7.8% by the institute rest 45.9% shares are held by the general public.

### Investment Insight

- The company is going to expand its annual production capacity by 9.6 mn yards in addition to existing 21.6 mn yards with an estimated capital expenditure of BDT 1,540 mn. This expansion initiative will be in operation by July 2016. This project will be financed from its IPO fund. The products from expanding unit will be unique in nature. The company might be able to charge USD 1.0 mn premium on the price of the expanding production unit. The company's board expects 30% increments in the company's revenue and BDT 12 mn of extra profit from the expanding production.
- BPDB has extended their agreement with Energies Power Corporation Ltd. (EPCL), a major subsidiary of the company, for further 5 years from February 2014 to February 2019. This extension of power supply agreement to BPDB is posting a major positive impact in the consolidated net profit of the company.
- As the company is going to purchase machineries from European Country, the Company will avail handsome foreign exchange gain on purchases of machinery and other due to devaluation of Euro.
- Currently, both the selling price and quantity of the company's products is increasing. This may accelerate revenue earnings of the company.

DSE: SHASHADNIM  
BLOOMBERG: SDL:BD

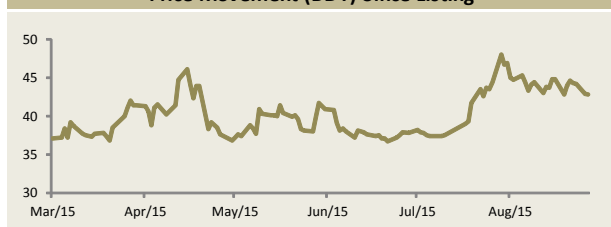
- The company has exposure to foreign exchange risk for purchase of raw materials and machineries. Recent appreciation of USD against BDT may increase the cost of sourcing raw materials for the company.
- As the company does not have any backward linkage facility, the rising trend of Raw materials cost may hamper the profitability.

### Company Fundamentals as of August 31, 2015

Market Cap (BDT mn)	4,827.3
Market weight	0.14%
No. of Share Outstanding (in mn)	112.8
Free-float Shares	53.7%
Paid-up Capital (BDT mn)	1,127.9
3-month Average Turnover (BDT mn)	59.8
3-month Return	9.8%
Current Price (BDT)	42.8
52-week price range (BDT)	36.2 - 50
Sector's Forward P/E	12.3

	2012	2013	2014	2015 (HY ann)
<b>Financial Information (BDT mn):</b>				
Sales	3,735	3,824	4,180	5,096
Operating Profit	842	695	674	902
Profit After Tax	378	149	176	567
Assets	7,789	7,402	13,840	9,121
Long Term Debt	1,538	1,271	1,147	1,113
Equity	3,060	3,191	3,049	4,886
Dividend (C/B)%	n/a	n/a	20/15	10/0 (Int.)
<b>Margin:</b>				
Gross Profit	25.0%	20.9%	19.0%	22.2%
Operating Profit	22.5%	18.2%	16.1%	17.7%
Pretax Profit	10.9%	5.0%	5.7%	13.1%
Net Profit	10.1%	3.9%	4.2%	11.1%
<b>Growth:</b>				
Sales	65.6%	2.4%	9.3%	21.9%
Gross Profit	43.1%	-14.6%	-0.2%	42.0%
Operating Profit	40.6%	-17.4%	-3.1%	33.8%
Net Profit	68.8%	-60.5%	18.1%	221.5%
<b>Profitability:</b>				
ROA	5.5%	2.0%	1.7%	4.9%
ROE	15.9%	4.8%	5.7%	14.3%
<b>Leverage:</b>				
Debt Ratio	49.6%	44.8%	26.9%	39.1%
Debt-Equity	126.1%	104.0%	122.3%	73.1%
Int. Coverage	1.9	1.4	1.5	2.3
<b>Valuation:</b>				
Price/Earnings	12.8	32.3	27.6	8.5
Price/BV	1.6	1.5	1.6	1.0
EPS (BDT)	3.3	1.3	1.6	5.0
NAVPS (BDT)	27.1	28.3	27.0	43.3

### Price Movement (BDT) Since Listing



Source: Annual Reports, Prospectus, DSE website, the Financial Express, the Daily Star, BGMEA, BTMA, ILSL Research



## Mutual Fund : Monthly Update

### Performance of Mutual Funds

Mutual Fund Sector of DSE posted 3.74% loss over the month (30 July - 27 August, 2015), while the prime index of the bourse, DSEX, increased by 0.4%. Price of 18 Mutual Funds increased, 22 Mutual Funds decreased and 1 Mutual Fund remain unchanged over the period. On the other hand, NAV @ Market Price of 18 Mutual Funds increased, 1 Mutual Fund remain unchanged and 22 Mutual Fund decreased. Out of 41 Mutual Funds, 36 were traded below their respective NAV. EBLNRBMF Mutual Fund had the lowest Price/NAV ratio (37.1%) whereas 6THICB was traded at highest Price/NAV ratio (113.7%). Price of 1STICB Mutual Fund increased by 45.3% against decrease in NAV by 6.0%.

Name of Fund	NAV Per Unit @		Price 27 August, 2015	Close Price/ NAV per Unit	% Change in NAV	% Change in Price	52-Week Price Range	Avg Monthly Turnover (BDTmn)	Year of Redemption	Asset Manager
	Market Price	Cost Price								
AIMS1STMF	39.43	14.58	32.2	81.7%	-0.4%	7.0%	20 - 45.5	21.86	31/Dec/15	AIMS
GRAMEEN1	32.22	12.62	26.2	81.3%	-1.8%	7.4%	16.9 - 48.5	9.05	31/Dec/15	AIMS
GRAMEENS2	19.73	11.57	12.1	61.3%	-1.5%	1.7%	8.7 - 17.9	8.46	2/Sep/23	AIMS
RELIANCE1	12.85	12.07	7.6	59.1%	-0.3%	-1.3%	5.6 - 9.6	2.11	7/Jul/21	AIMS
ATCSLGF	11.89	11.91	7.9	66.4%	-5.6%	-11.2%	5.7 - 9.6	1.67	30/Mar/25	AT CAPITAL
1STICB	1832.4	309.49	1598.2	87.2%	-6.0%	45.3%	855 - 1667.9	2.17	31/Dec/15	ICB
2NDICB	265.65	105.46	294.0	110.7%	-3.2%	8.0%	235.7 - 333.3	0.19	31/Jan/16	ICB
3RDICB	365.16	85.45	322.7	88.4%	-2.2%	30.2%	188 - 330	0.40	29/Feb/16	ICB
4THICB	267.02	76.32	234.7	87.9%	-2.7%	15.7%	185.9 - 246.6	0.22	31/Mar/16	ICB
5THICB	232.83	55.64	203.7	87.5%	-4.3%	17.7%	140 - 210.7	0.33	30/Apr/16	ICB
6THICB	49.09	27.09	55.8	113.7%	-5.5%	9.0%	49.8 - 72.4	2.13	30/Jun/16	ICB
7THICB	100.15	41.33	100.9	100.7%	-4.1%	19.3%	75 - 118.2	0.50	30/Sep/16	ICB
8THICB	61.69	33.84	65.3	105.9%	-4.3%	19.8%	53.2 - 75.3	1.48	31/Dec/16	ICB
1STPRIMFMF	10.29	16.07	10.9	105.9%	8.5%	-7.6%	9.1 - 20.7	2.24	15/Mar/16	ICB AMCL
ICB1STNRB	24.68	34.8	22.6	91.6%	-1.2%	11.3%	15.7 - 31.9	0.87	28/Mar/17	ICB AMCL
ICB2NDRB	11.29	15.37	8.1	71.7%	-1.6%	-9.0%	5.7 - 11	1.47	27/Jul/18	ICB AMCL
ICB3RDRB	7.84	11.6	4.4	56.1%	-1.8%	-4.3%	3.7 - 5.5	0.97	24/May/20	ICB AMCL
ICBAMCL2ND	8.77	13.32	4.8	54.7%	-1.7%	-5.9%	3.8 - 6.8	0.49	28/Oct/19	ICB AMCL
ICBEPMF1S1	8.37	12.33	6.3	75.3%	-2.1%	6.8%	3.6 - 6.4	2.00	18/Jan/20	ICB AMCL
ICBSONALI1	10.03	11.58	7.1	70.8%	0.4%	4.4%	4.7 - 9.5	1.04	12/Jun/23	ICB AMCL
IFILISLMF1	10.44	11.85	7.2	69.0%	0.6%	4.3%	4.8 - 8	6.64	22/Nov/20	ICB AMCL
PF1STMF	8.08	11.74	4.8	59.4%	-1.7%	-7.7%	4 - 6.3	0.87	9/May/20	ICB AMCL
PRIME1ICBA	8.65	11.94	5.4	62.4%	-1.3%	8.0%	3.7 - 6.1	0.89	2/Feb/20	ICB AMCL
AIBL1STMF	11.91	11.17	4.7	39.5%	2.0%	-11.3%	3.7 - 9	1.10	10/Jan/21	LR Global
DBH1STMF	11.12	11.08	4.3	38.7%	0.0%	0.0%	3.7 - 6.7	1.12	7/Feb/20	LR Global
GREENDELMF	10.81	10.69	4.3	39.8%	0.3%	-2.3%	3.8 - 6.3	0.69	28/Sep/20	LR Global
LRGLOBMF1	11.13	11.14	4.5	40.4%	5.1%	15.4%	3.3 - 7	3.15	19/Sep/21	LR Global
MBL1STMF	11.35	11.17	4.4	38.8%	0.5%	-8.3%	3.4 - 8.9	1.54	8/Feb/21	LR Global
NCCBLMF1	11.19	10.84	4.2	37.5%	3.0%	-4.5%	3.3 - 7.5	1.51	24/May/22	LR Global
1JANATAMF	11.95	11.56	5.0	41.8%	1.3%	-7.4%	4.1 - 7.2	1.83	20/Sep/20	RACE
ABB1STMF	12.67	12.12	5.4	42.6%	0.7%	-8.5%	4.5 - 7.5	4.99	29/Jan/22	RACE
EBL1STMF	11.23	11.84	4.8	42.7%	-0.4%	-9.4%	4 - 7	1.43	19/Aug/19	RACE
EBLNRBMF	11.31	11.07	4.2	37.1%	1.2%	-14.3%	4 - 7.5	0.26	23/May/21	RACE
EXIM1STMF	11.52	11.07	5.9	51.2%	0.6%	-9.2%	5.1 - 9.3	0.01	16/Jul/23	RACE
FBFIF	11.72	11.23	7.0	59.7%	1.3%	-12.5%	5.4 - 10	0.33	19/Mar/22	RACE
IFIC1STMF	11.66	11.45	4.8	41.2%	1.0%	-7.7%	3.9 - 7.1	1.24	1/Apr/20	RACE
PHPMF1	11.43	11.7	4.4	38.5%	1.7%	-12.0%	3.9 - 6.7	1.90	29/Nov/20	RACE
POPULAR1MF	11.96	11.9	4.8	40.1%	1.1%	-12.7%	3.9 - 6.9	4.49	19/Oct/20	RACE
TRUSTB1MF	11.66	11.23	4.8	41.2%	0.3%	-12.7%	4 - 7.9	4.89	27/Jan/20	RACE
NLI1STMF	13.72	13.24	9.6	70.0%	0.5%	1.1%	6.7 - 9.7	2.98	27/Feb/22	VIPB
SEBL1STMF	13.05	12.68	9.1	69.7%	-0.4%	-1.1%	6.6 - 9.4	4.80	23/May/21	VIPB

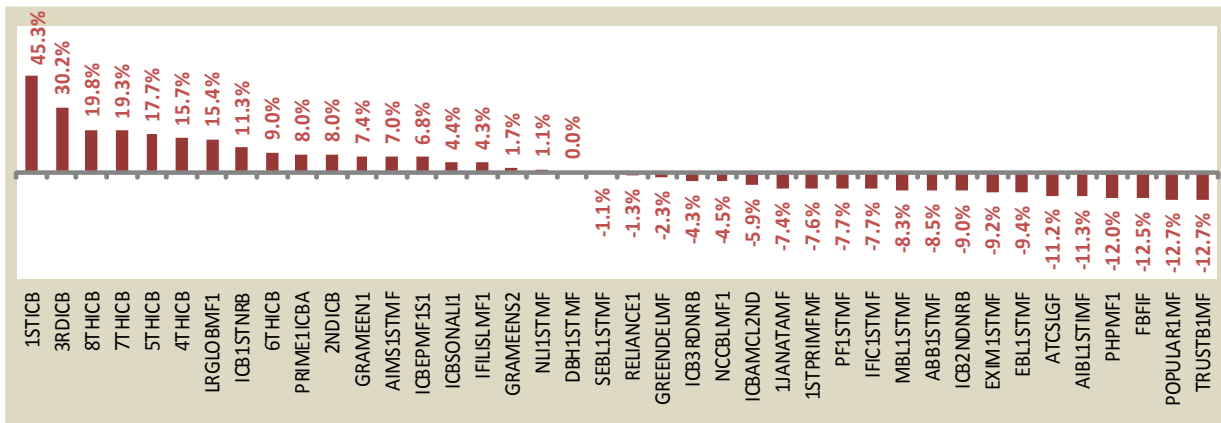
Source: DSE, ILSL Research

## Mutual Fund : Monthly Update

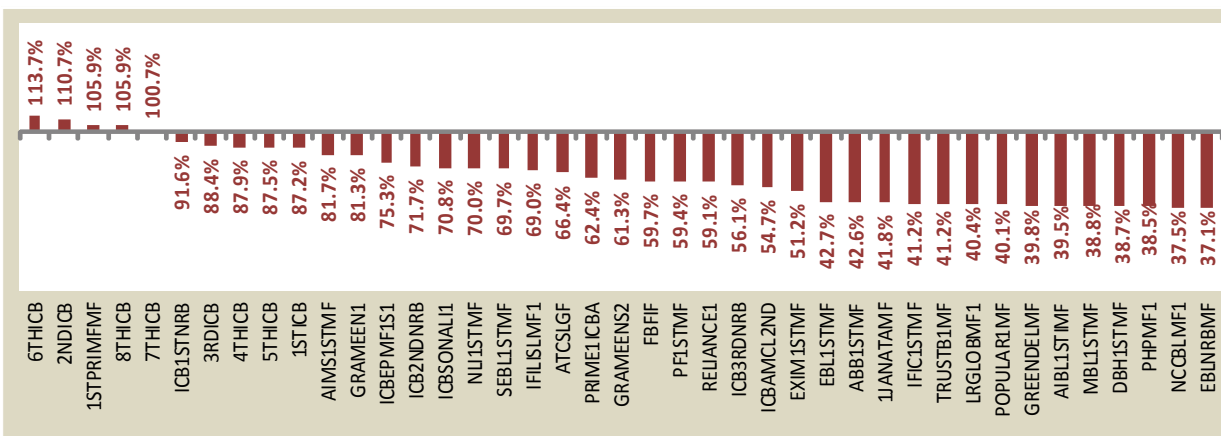
### Monthly Top 10 Analysis

Highest Return	% Change in NAV	Lowest Return	% Change in NAV	Turover Leader	Avg Turnover (BDT mn)
1STPRIMFMF	8.5%	1STICB	-6.0%	AIMS1STMF	21.9
LRGLOBMF1	5.1%	ATCSLGF	-5.6%	GRAMEEN1	9.0
NCCBLMF1	3.0%	6THICB	-5.5%	GRAMEENS2	8.5
AIBL1STIMF	2.0%	5THICB	-4.3%	IFILISLMF1	6.6
PHPMF1	1.7%	8THICB	-4.3%	ABB1STMF	5.0
FBFIF	1.3%	7THICB	-4.1%	TRUSTB1MF	4.9
1JANATAMF	1.3%	2NDICB	-3.2%	SEBL1STMF	4.8
EBLNRBMF	1.2%	4THICB	-2.7%	POPULAR1MF	4.5
POPULAR1MF	1.1%	3RDICB	-2.2%	LRGLOBMF1	3.1
IFIC1STMF	1.0%	ICBEPMF1S1	-2.1%	NLI1STMF	3.0

### 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	7,417	13.2%	-1.1%	1.91	3,140
AT CAPITAL	720	1.3%	-5.6%	1.00	606
ICB	3,343	5.9%	-4.7%	3.49	178
ICB AMCL	6,829	12.1%	-1.0%	0.74	7,150
LR Global	9,958	17.7%	2.1%	1.02	8,896
RACE	26,033	46.2%	1.0%	1.02	22,181
VIPB	1,993	3.5%	-0.1%	1.03	1,501

Source: DSE, ILSL Research



## 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 –**

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- 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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## Business Newsflash

### Economy

#### **BD, Vietnam to take bilateral trade to USD 1,000 mn by 2016**

The Financial Express, August 11, 2015

Bangladesh and Vietnam agreed to take efforts to take their annual bilateral trade to USD 1,000 mn by 2016. The two countries reached the agreement during a bilateral meeting between Bangladesh President Abdul Hamid and his Vietnamese counterpart Truong Tan Sang at the Presidential Palace in Hanoi on 10th August 2015. According to Bangladesh Foreign Ministry, the existing trade volume between the two countries is less than USD 700 mn. During July-January in 2014-15, Bangladesh exported products worth USD 32.77 mn to Vietnam while imported items worth USD 318.4 mn from the Southeast Asian country.

#### **10-year tax waiver for Hi-Tech Park**

New Age, August 11, 2015

Bangladesh has offered an international standard business facilities and financial incentives including tax exemption for 10 years to allure foreign investment in its newly established Hi-Tech Park. The main objective of the Hi-Tech Park, which is still under construction, is to introduce Bangladeshi hardware manufacturers in the global market. Kaliakoir Hi-Tech Park, first of its kind, is located at Kaliakoir upazilla in Gazipur district. The proposed park, which is only 40km away from the capital, is now set to be accomplished on a 232 acre land with a cost of over USD 207 mn. Summit Technopolis will develop 2nd and 5th block of the project under Public Private Partnership (PPP) within next 40 years.

#### **Forex reserves hit record USD 26 bn**

The Daily Star, August 18, 2015

Bangladesh's foreign currency reserves continue to scale new heights, crossing the USD 26 bn-mark for the first time yesterday. The reserve of USD 26.03 bn, up 17.8% year-on-year, is enough to meet the country's import bills for more than seven months. With these foreign currency reserves, Bangladesh will be able to withstand any internal or external economic shock. The growing reserves of foreign currency in recent times have helped the central bank maintain a stable exchange rate over the last couple of years and provided a more favourable economic environment.

#### **Capital machinery import soars 51% in Jul despite dull business**

New Age, August 30, 2015

The country's import payment for the capital machinery registered a 51.19% growth in July this year compared with that in the same month of last year despite a negative growth in the overall import payment in the period. The overall import payment posted a 0.59% negative growth in July compared with that of 11.60% negative growth in the same month of last year due to a decrease in import of industrial raw materials and major essential commodities.

### International

#### **IMF welcomes China currency devaluation**

The Daily Star, August 13, 2015

The International Monetary Fund welcomed Beijing's surprise devaluation of the country's currency, saying it will allow market forces to play a greater role in the nation. China cut the yuan's value against the dollar for a second day Wednesday, sending ripples through financial markets and raising fears that the currency could fall further. The IMF said the step could be a boon in the long run. After Tuesday's devaluation Chinese authorities said they were seeking to push market reforms in a one-time move. Officials will now use the previous day's close, foreign exchange demand and supply and the rates of other major currencies to decide the daily rate around which the Chinese currency can trade.

#### **Eurozone approves Greek bailout in return for far-reaching reforms**

The Daily Star, August 16, 2015

Eurozone finance ministers approved Friday a third bailout worth up to 86 bn Euros to keep Greece in the single currency in return for an unprecedented package of reforms that Athens had previously rejected. "New loans of up to 86 bn Euros (USD 96 bn) will be made available over the next three years to Greece," the European Commission said after six hours of talks in Brussels. A first disbursement for Greece next week will total 13 bn Euros, helping cover a debt payment to the European Central Bank due on August 20. Under the program, Greece will have to balance its books to produce a primary budget surplus -- that is, before interest payments -- and take on a major privatization program to help reduce a debt mountain of some 320 bn Euros.

## Oil plumbs 6.5-year low on oversupply, China woes

The Daily Star, August 23, 2015

The oil market extended its dramatic descent this week to strike a 6.5-year nadir close to USD40 per barrel on mounting fears of oversupply and poor demand, particularly from China. Tumbling world stock markets fanned worries that weak global economic growth will hurt commodity demand, especially in the wake of downbeat Chinese manufacturing data. New York's light sweet crude plunged Friday to USD 40.04 per barrel, the lowest level since March 2009, as the market was rattled by China jitters. London's Brent crude hit USD 45.21, a point last witnessed in mid-January and not far off a six-year trough. Sentiment has dived since China's central bank devalued its Yuan currency last week in a surprise move seen as aimed at boosting the country's flagging exports.

## Coal prices fall to 12 yr low as China, India join demand slowdown

New Age, August 20, 2015

Coal futures have fallen to 12-year lows, hit by soaring production and a slowdown in global buying, including from India and China which until recently have been pillars of strong demand. Benchmark API2 2016 coal futures last settled at USD 52.85 a tonne, a level not seen since November 2003. The contract is now over 75% below its 2008 all-time peak and more than 60% below its most recent high following the 2011 Fukushima nuclear disaster in Japan. The steady and sharp fall in coal prices has knocked down shares of big mining companies like BHP Billiton, Glencore and Rio Tinto, and it has seen many financiers exit the sector. Demand from China has also slowed as its economy grows at its slowest pace in decades and the government has started a fight against rampant pollution, to which coal contributes significantly.

## Stock Market

### Conversion or redemption schedule of 1st ICB MF, AIMS declared

The Financial Express, August 5, 2015

The state-run Investment Corporation of Bangladesh (ICB) has made formal announcement regarding conversion or redemption schedule of closed-end mutual fund (MF)--1st ICB Mutual Fund. As per BSEC letter, the conversion or redemption schedule of 1st ICB Mutual Fund is December 31, 2015. According to

ICB, the record date/trade suspension date for 1st ICB MF will be October 28, 2015 and effective date for conversion will be October 29, 2015. Meanwhile, another private asset management company (AMC)-AIMS of Bangladesh-has announced trade suspension date of AIMS First Guaranteed Mutual Fund, country's first private mutual fund. As per decision of the Trustee, trade suspension date of AIMS First Guaranteed Mutual Fund will be October 29, 2015 and effective date will be November 1, 2015.

### ADB may provide USD 250 mn more to help continue capital market reforms

Dhaka Tribune, August 23, 2015

Asian Development Bank (ADB) is expected to give USD 250 mn more to help continue capital market reforms of Bangladesh. The proposed third capital market programme (CMDP-III) represents a continuation of previous works carried out. After the agreement for the CMDP-III, USD 80 mn will be disbursed in the first installment and the remaining USD 170 mn by December 2017. Reforms planned under CMDP-III include increased liquid benchmark issues through introduction of floating rate notes, enhanced insurance industry participation in the capital market by issuing of investment guidelines by the Insurance Development and Regulatory Authority, improvements in the settlement and clearing system, as well as promotion of alternative financial instruments to develop a deeper and broader capital market, according to the ADB's opinion.

### DSE stockbrokers launch platform to boost market

The Daily Star, August 27, 2015

The stockbrokers of Dhaka Stock Exchange have formed a new platform that will work to bring stability and vibrancy to the ailing market and create awareness among investors. The association, which will have a research wing, will prepare recommendations on how to further improve the market and put those forward to the bourse's board.

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

Yes, We are Your Investment Manager

## Banks and NBFIs

### 60% banks' bottom-line go up despite lending rates fall

Dhaka Tribune, August 16, 2015

Almost 60% of the listed banks have witnessed an inflated bottom-line in the first half of this year, despite fall in lending and deposit rates as well as political unrest in the first quarter 2015. However, some banks struggled to boost their earnings because of some factors, including foreign loan inflow, drop in interest income in the wake of falling interest rate, that had affected their incomes to some extent. A total of 17, out of 29 listed banks (ICB Islamic Bank is yet to publish), reported positive sign in their respective net profits during the first half of the current year while Islami Bank was leading with a jump of 249% to over BDT 339 crore, reads the banks' half-yearly statements. Trust Bank became second with 158% while Prime Bank third with 114% in net profit.

### Banks suffer huge provision shortfall

Dhaka Tribune, August 19, 2015

The country's banking sector experienced a provision shortfall of BDT 2,472 crore in June. Though the shortfall amount was decreased by over BDT 1,300 crore in April-June quarter compared to BDT 3,778 crore in the previous January-March quarter. The actual provision was BDT 27,564 crore against the required provision of BDT 30,036 crore in June. The three private banks suffered from provision shortfall are-Bangladesh Commerce Bank, National Bank and Standard Bank. The total bad loans of the banking sector decreased slightly to 7.75% in second quarter from 8.07% in the first quarter.

### Cheaper foreign loans outweigh bank credits CDR of banks dips below 70% in mid-July

The Financial Express, August 31, 2015

The credit-deposit ratio (CDR) of all banks again dived down 70% in the middle of July as available foreign-currency loans at lower interests are virtually crowding them out. All banks' CDR came down to 69.79%, as of July 16 last, from 70.34% of June 30, 2015. It was 69.91% on August 28 last year, according to the central bank statistics. The Bangladesh Bank (BB) had earlier set the safe limit of CDR,

officially known as advance-deposit ratio (ADR), at 85% for conventional banks and at 90% for Sharia-based Islamic banks. All banks' deposits, excluding inter-bank balance, rose to BDT 7,525.68 bn as of July 16 last from BDT 7525.46 bn as of June 30, 2015.

### Profits of listed NBFIs witness mixed trends

The Financial Express, August 19, 2015

Profits of listed non-bank financial institutions (NBFI) witnessed mixed trend in first half of 2015 calendar year over the corresponding period of the last year. Out of the 23 NBFIs listed with the DSE, that account for around 5.90% of the DSE's total market capitalisation, 20 have disclosed their half-yearly financial reports while three are yet to publish their reports as they consider June to be year-ending. Among them, consolidated profits (un-audited) of 11 FIs rose while 9 saw less profit in the first half in 2015 compared to same period last year. The companies whose profits rose are: IDLC Finance, Bangladesh Industrial Finance Company, FAS Finance and Investment, GSP Finance, Industrial Promotion & Development Company of Bangladesh, National Housing Finance and Investment, Premier Leasing and Finance, Prime Finance, United Finance, Union Capital and Uttara Finance. The NBFIs which saw less profit during the period are: Bay Leasing & Investment, Bangladesh Finance and Investment Company, Fareast Finance and Investment, First Finance, International Leasing & Financial Services, Islamic Finance & Investment, LankaBangla Finance, Phoenix Finance, Peoples Leasing & Financial Services.

### INCTL mandates IDLC Finance for arranging BDT 700 mn ZCB

The Financial Express, August 27, 2015

Impress-Newtex Composite Textiles Ltd (INCTL) has recently signed a 'Term Sheet' with IDLC Finance Limited (IDLC), for the issuance of Zero Coupon Bond worth BDT 700.00 mn where IDLC shall act as the lead arranger and Impress Capital Limited (ICL) as adviser. The Zero-Coupon Bond (ZCB) will have a discount rate of 11% and final maturity of four years. The ZCB shall be floated among corporate houses and high-net worth individuals, mostly for subscription as they will get 100% tax exemption on its return. The proceeds of the issue will be used for the capital expenditure required for their existing expansion plan including implementation of its back-ward linkage units.

## Fuel and Power

### Profits of fuel & power companies up

The Financial Express, August 18, 2015

Profits of most of the listed fuel and power companies increased in the January-June period in 2015 compared to the same period a year ago as profit margins of large-cap companies of the sector increased significantly. Of the total 18 companies listed with the Dhaka Stock Exchange (DSE) in fuel and power sector, that account for around 15.0% of the DSE's total market capitalisation, eight disclosed their January-June consolidated profits (un-audited) having year-end of December. Among them, consolidated profits of six companies rose while two registered negative growth in the January-June period in 2015 compared to the same period last year. Ten companies are yet to publish half-yearly financial reports as they consider June to be year-ending. The companies which witnessed growth in profits are: Khulna Power Company, United Power Generation and Distribution Company, Summit Power, Summit Purbanchol Power Company, Bd. Welding Electrodes and GBB Power. On the other hand, Linde Bangladesh and MJL Bangladesh witnessed less profit in the January-June period in 2015 compared to same period a year ago.

## Pharmaceuticals

### Many pharma companies see positive growth

The Financial Express, August 13, 2015

Majority number of listed pharmaceutical companies witnessed positive growth in first half of this calendar year compared to same period of the previous year as their sales increased. Among the companies, the consolidated profits of Orion Pharma and Glaxo Smithkline declined during January-June, 2015 compared to the values observed during the corresponding period of the previous year. The companies whose profits rose are Ambee Pharma, Beximco Pharma, Renata, ACI and Ibn Sina.

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## Cement

### Listed cement companies witness mixed profits in H1'15

The Financial Express, August 11, 2015

Listed cement companies witnessed mixed trend in their profits in the first half in 2015, compared to the same period last year as businesses faced disruption due to political turmoil. Among the seven listed cement-makers, four witnessed profits during the period, while three experienced losses, Dhaka Stock Exchange (DSE) data showed. Aramit Cement profit increased by 45% to BDT 15.25 mn in first half of 2015 with earnings per share (EPS) of BDT 0.45 against BDT 10.50 mn and BDT 0.31 respectively in the same period last year. Manufacturers said though listed cement companies saw mixed trend in their profits, overall demand of the key construction materials is increasing, following the beginning of Padma Bridge construction and rise in the number of construction projects (roads and other infrastructure) in rural and sub-urban areas.

### LafargeHolcim to sell India assets for 750 mn Swiss francs

The Daily Star, August 18, 2015

Cement maker LafargeHolcim said it would sell two plants in eastern India to Birla Corporation for about 750 mn Swiss francs (USD 768 mn), as a condition of its recent merger. The sale of assets, including the two cement plants operated by Lafarge India with a combined annual capacity of 5.15 mn tons, was part of the agreement. LafargeHolcim is selling the plants as part of plans to complete the integration of Lafarge and Holcim by the end of next year, following their merger.

## Engineering

### BSRM begins manufacturing of ASTM 572 Grade 50 angles

The Financial Express, August 25, 2015

New innovations in hybrid building designs have reduced the cost of constructions in recent days creating a favourable impact on the country's economy. In sync with such favourable impact, BSRM has started manufacture of ASTM 572 Grade 50 angles in its rolling mill in Nasirabad, Chittagong, with a capacity of 450,000 tons per annum. ASTM 572 Grade 50 angles is a raw material for the manufacture of floor trusses. In Europe and North America and in the Middle East truss supported floors have become the norm and accepted method of building construction.

## Food and Allied

### Pran triples export earnings in 4 years

The Daily Star, August 11, 2015

Pran, a leading food processor, has tripled its export earnings in the last four years to more than USD 144 mn (BDT 1,126 crore) now. Pran has a target to make our local sales and exports equal by next year. To that end, the company has been exploring new export markets -- from America to Africa and Asia. Currently, one-fourth of Pran's revenues come from exports: the group's sales revenue, both from domestic and overseas markets, was more than USD 500 mn last fiscal year. The group exported goods worth USD 50.93 mn in fiscal 2010-11, which increased to USD 144.36 mn in fiscal 2014-15 -- an impressive 183.44% growth.

## Textile

### Argon Denims plans expansion as demand rises

The Daily Star, July 31, 2015

Argon Denims, a subsidiary of Evince Group, plans to purchase nine air jet looms at BDT 5 crore to increase its production capacity and generate higher revenue. The company currently produces around 13 lakh yards of denim fabrics a month with 106 looms. The new looms will increase the company's versatility in making value-added products. The company's earnings-per share fell to BDT 1.39 at the end of June, from BDT 1.93 a year ago. Some 25 denim factories operate in Bangladesh now, producing around 20 mn yards of the fabric a month to meet half of the local demand. The rest is imported. Five to six new companies are also setting up factories. Currently, 41 textile companies are listed on the premier bourse.

### Textile chemical: another export hope

The Daily Star, August 17, 2015

Bangladesh has turned into a textile chemical exporter from importer in recent years, helping the country save and earn mns of foreign currency. Presently, the country is exporting hydrogen peroxide, a major chemical used in the bleaching and sterilising process in textile and paper and pulp industries, to half a dozen countries including India, Nepal, Malaysia, Pakistan and Sri Lanka. The chemical is produced by two other companies: Tasnim Chemicals of Meghna Group, a giant commodity trader, and ASM Chemical Industries. Samuda Chemicals, which is owned by BDT Group, one of the largest industrial and trading conglomerates in Bangladesh, exports 1,800 tonnes of hydrogen peroxide a month. India is the largest destination of Bangladesh's hydrogen peroxide followed by Pakistan.

More than 1,200 tonnes of hydrogen peroxide are exported to India a month and about 400 tonnes to Pakistan. In fiscal 2014-15, over USD 7 mn worth of the chemical was exported.

### Garment exports to China up 26%

The Daily Star, August 23, 2015

Garment exports to China rose 26% year-on-year to USD 304.24 mn in fiscal 2014-15 as demand for low-priced basic clothes is still high among middle-income customers. About USD 141.8 mn came from knitwear exports and USD 163.14 mn from woven items. Bangladesh's total garment exports to China in fiscal 2013-14 were USD 241.37 mn. International and domestic retailers in China have been favouring Bangladesh as a sourcing destination to take advantage of a duty waiver enjoyed by 4,721 Bangladeshi products, most of which are garment items, since April 2011. Both Chinese companies and international retailers such as Walmart, Tesco and Metro are buying products from Bangladesh, industry insiders say.

### Regent Textile Mills to raise BDT 125cr

The Daily Star, August 25, 2015

Bangladesh Securities and Exchange Commission yesterday gave the green light to Regent Textile Mills to raise BDT 125 crore from the public. The textiles company will float five crore ordinary shares of BDT 10 each, in addition to BDT 15 as premium per share. The company will use the funds from the initial public offering for its BMRE (balancing, modernisation, rehabilitation and expansion) and to set up a new garment project. The company's earnings per share stood at BDT 2.48 and net asset value per share at BDT 33.62 in December 2014. LankaBangla Investments will manage the IPO.

## Sevices

### New jetties to open on Oct 1

The Daily Star, August 20, 2015

The fourth and fifth jetties of New Mooring Container Terminal (NCT) of the Chittagong Port will start operations on October 1, more than seven years after construction. The CPA also decided to withdraw a four-fold hike in container yard rentals that became effective from August 7, and mainline operators agreed to transport empty containers by special vessels every week. The port authority has extended the jetty stay time for vessels from 48 hours to 60 hours. Earlier on June 25, a joint venture initiative by



Saif Powertec, MH Chowdhury Ltd, and A&J Traders was appointed as the operator for two jetties for two years. The first jetty of the NCT is dedicated to the containers bound for Pangaon Container Terminal.

### Tannery

#### Leather sector's exports cross USD 1 bn for second year

The Daily Star, August 16, 2015

Exports of leather and leather goods crossed USD 1 bn for the second year in fiscal 2014-15. In 2014-15, Bangladesh exported leather and leather goods worth USD 1.13 bn, compared with USD 1.12 bn in the previous fiscal year, making it the second highest contributor to national exports after garment. Jute and jute goods became the third highest export earner, data shows. Bangladesh exports leather shoes, travel bags, wallets, belts and finished leather. Bangladesh aims to export USD 1.21 bn of leather and leather goods in 2015-16, which is 7.28% higher from last fiscal year, he said. Italy, the UK, Belgium, Spain, France, Germany, Poland, the US and Canada are the big markets for the sector.

### Telecommunication

#### Bandwidth export to India begins next month

The Daily Star, August 10, 2015

Bangladesh will begin exporting bandwidth 10 gigabits per second to India's northeastern state of Tripura within the first week of September. Bandwidth prices will also come down in the local market with effect from September 1, as decided by Bangladesh Submarine Cable Company. For bandwidth export, the Submarine Cable Company has already established necessary connectivity up to the international border in Akhaura, Brahmanbaria. Submarine Cable Company will export the bandwidth to India at USD 10 per mbps, which is higher than the local market price, and will earn USD 1.2 mn or BDT 9.6 crore a year.



*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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