

# ILCL-ILSL MONTHLY

## Economy and Market Review

January : 2015 Issue : 17



### Presence of MNCs in Bangladesh Capital Market



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## Editorial

Welcome to our January 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.

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 **Multinational Companies (MNC)** operating in 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**

# ILCL-ILSL MONTHLY

Economy and Market Review

January, 2015

## Table of Contents

Economy Update	01
Market Update	09
Relative Cheapening of MNCs listed in BD	13
A Review on Monetary Policy Statement	14
Listed Multinational Corporation in DSE	16
BERGER PAINTS BANGLADESH LTD.	20
LINDE BANGLADESH LIMITED	21
GLAXOSMITHKLINE BANGLADESH LIMITED	22
MUTUAL FUND: MONTHLY UPDATE	23
Business Newsflash	25
Economy	25
Stock Market	26
Bank	26
Fuel And Power	27
Textile	27
Ceramic	27
Engineering	27
Pharmaceutical	28
Telecommunication	28

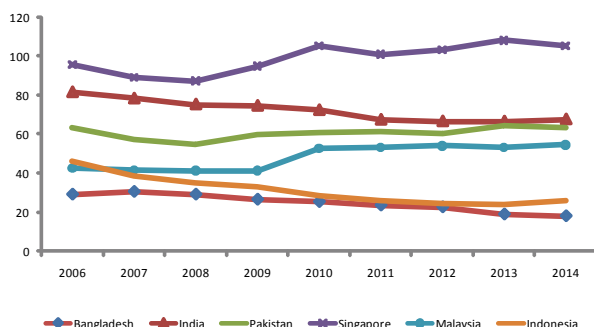
## Economy Update

"Asia and the Pacific is forecast to post a moderate increase in growth to 5.8% in 2015 from 5.6% in 2014. This will be driven by improved growth in a range of developing economies in the region, including **Bangladesh, India, Indonesia, Papua New Guinea, the Republic of Korea and Thailand.**"...United Nations ESCAP: 2014 Year-end update

The expected **Gross Domestic Product (GDP)** growth rate in FY2014-15, set by the Government of Bangladesh at 7.3%, is primarily due to expected higher growth in Agriculture, Construction, Education, Health and Social Works. With the current political scenario, the projected growth rate is appearing to be farfetched.

The regional statistics from IMF indicates that Bangladesh is in a better state with the Debt to GDP ratio, compared to India, Pakistan, Singapore, Malaysia and Indonesia. The country achieved lower debt to GDP ratio over the FY2014 as the Bangladesh government became more reliant on domestic debt.

Governments' Debt to GDP

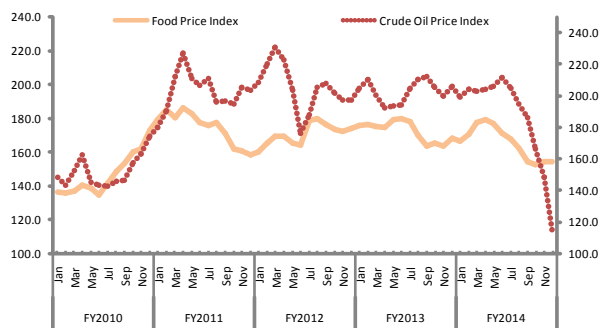


Source: IMF and IL Capital Research

The **inflation** rate of Bangladesh stood at 6.04% in January 2015. Food inflation stood at 6.07% against 5.86% in the previous month of December 2014. The political unrest is expected to be the reason behind the rise in the food price. The non-food inflation dropped to 6.01% in December 2014 which was 6.48% in December 2013. Price fall in the international markets is perceived to be the reason behind the fall in non-food inflation rate. The falling trend in the global oil price, which is expected to settle down ca. USD 60 a barrel, can channel a range of economic benefit for Bangladesh.

To begin with, the imports will become less expensive than export, which will draw down to lower trade deficit. Lower energy price will indicate higher growth in the industry sector, which will eventually reflect on lower interest rate and inflation.

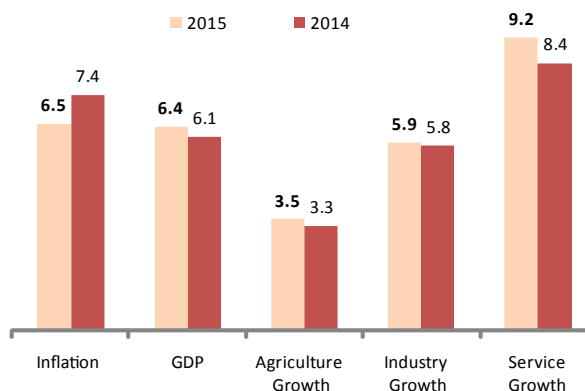
Global Index of Food and Oil Price



Source: IMF and IL Capital Research

The government of Bangladesh has announced an inflation target of 5% by 2017, while the central bank aim to set an inflation target of 6.5% to be achieved by June 2015. This target requires the **reserve money** growth to stand at 15.9% and **broad money** to 16.5% by June 2015. On the other hand, the **private sector credit growth** of 15.5% is satisfactory to support a rise in investment in the upcoming months. The current Monetary Policy Statement January-June 2015 stated that the **public sector credit growth** stood at 6.1% in November 2014, while the Private sector credit growth stood at 12.7% in the same period.

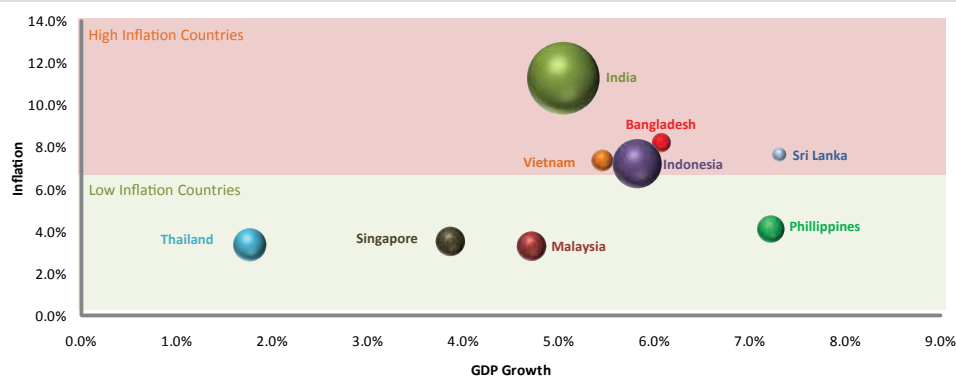
Asian Development Bank (estimates)



Source: IMF and IL Capital Research

## GDP:

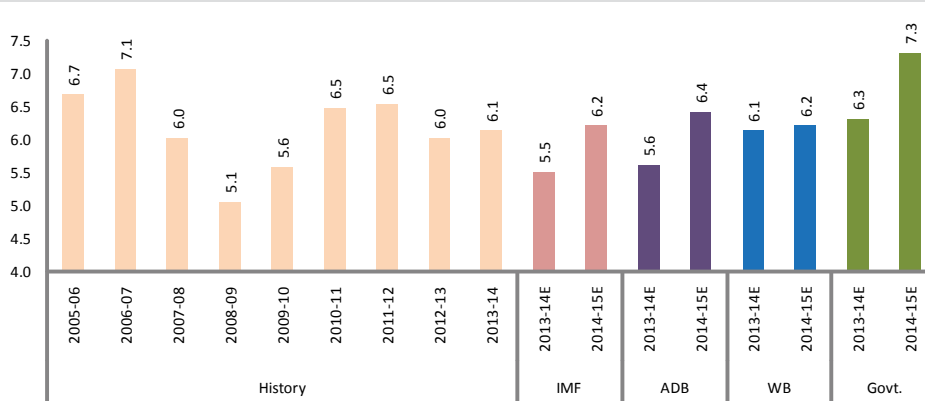
**GDP Growth and Inflation by Countries in 2013 (%)**



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

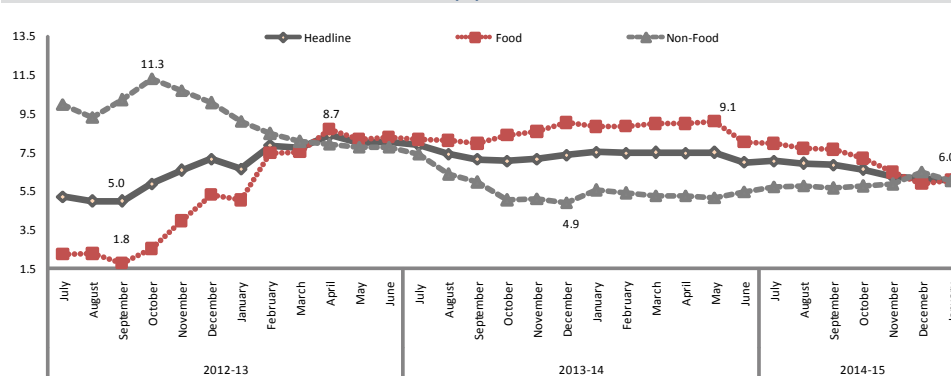
Source: World Bank Data and IL Capital Research

**GDP Growth Rate (%) Base 2005-06**



## Inflation:

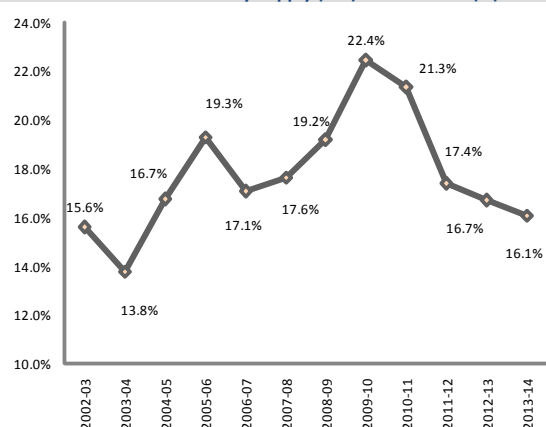
**Inflation (%) Base 2005-06**



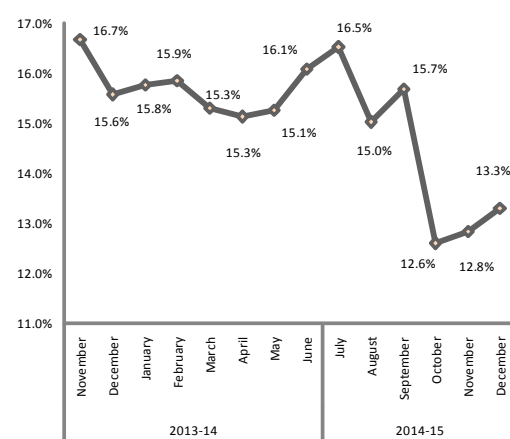
Source: Bangladesh Bank and IL Capital Research

## Money Supply:

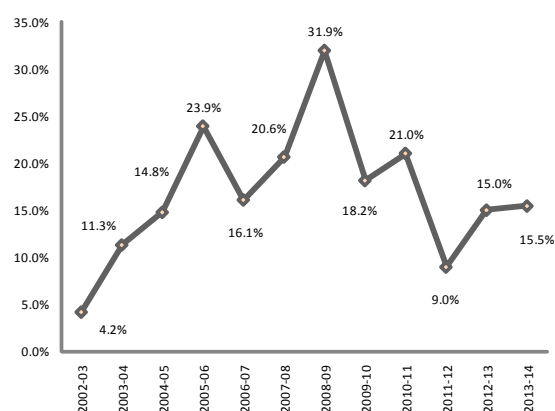
Annual Broad Money Supply (M2) Growth Rate (%)



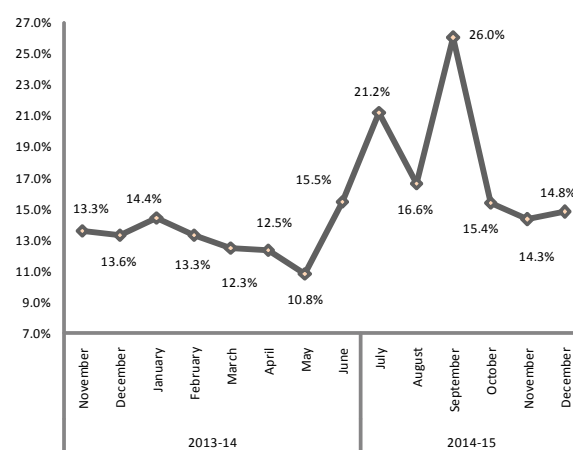
Monthly Broad Money Supply (M2) Growth yoy (%)



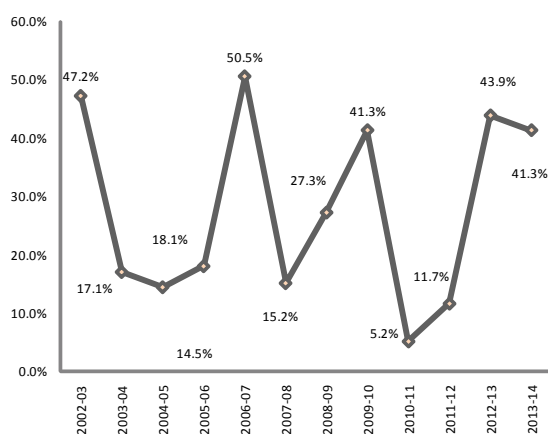
Annual Reserve Money Growth Rate (%)



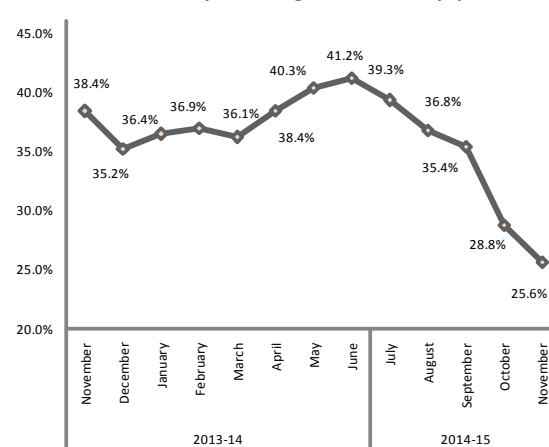
Monthly Reserve Money Growth yoy (%)



Annual Net Foreign Assets Growth Rate (%)



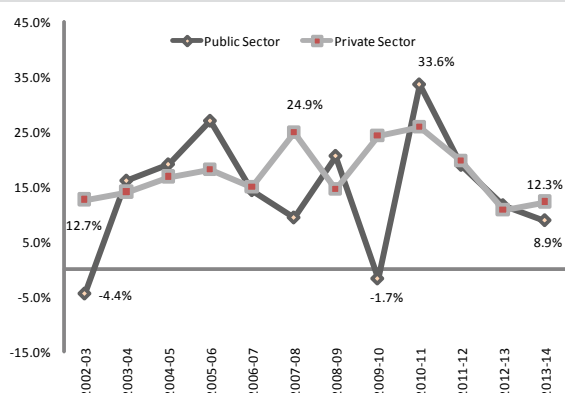
Monthly Net Foreign Asset Growth yoy %



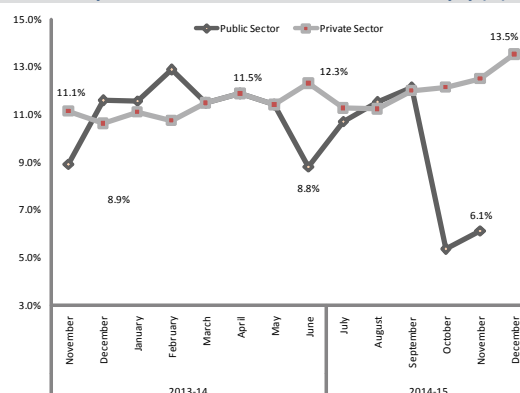
Source: Bangladesh Bank and IL Capital Research

## Money Supply (Continued):

Annual Public and Private Sector Credit Growth Rate (%)



Monthly Public and Private Sector Credit Growth yoy (%)

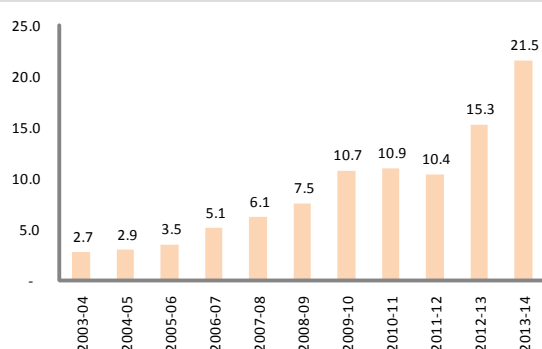


Monetary Aggregates Y-o-Y Growth (%)

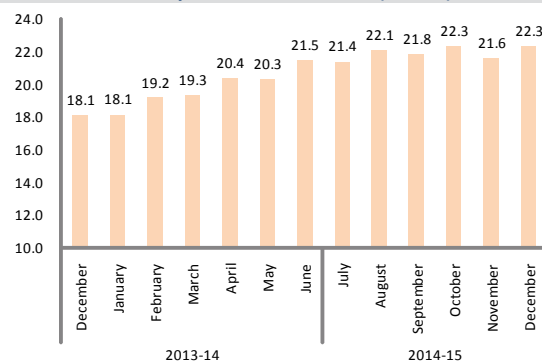
Items	Actual				Program	
	FY11	FY12	FY13	May.14	Dec-14	Jun-15
Net Foreign Assets	6.2	7.2	50.4	39.1	30.3	16.8
Net Domestic Assets	24.7	19.3	11.0	9.9	12.4	16.4
Domestic Credit	28.2	19.2	10.9	10.1	13.8	17.3
Credit to the Public Sector (incl. Govt.)	38.3	17.4	11.1	5.3	12.9	24.8
Credit to the private sector	25.8	19.7	10.8	11.4	14.0*	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:

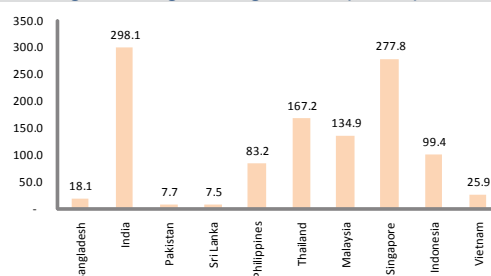
Annual Movement of Reserve (USD Bn)



Monthly Movement of Reserve (USD Bn)

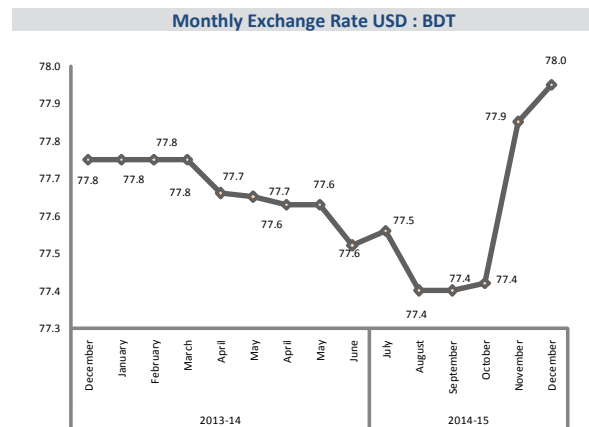
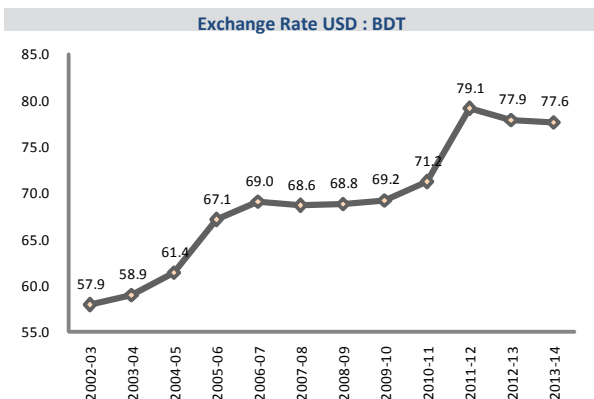


Gross Regional Foreign Exchange Reserve (USD Bn) in 2013

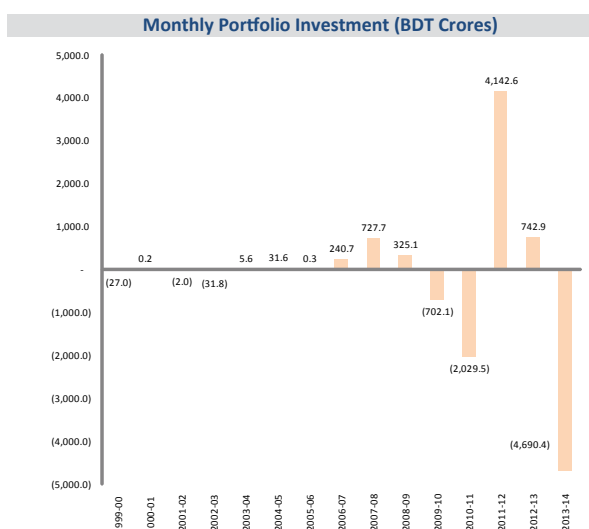
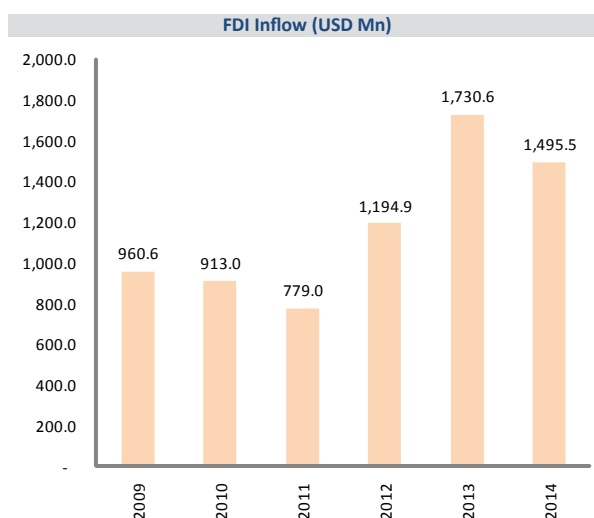


Source: Bangladesh Bank and IL Capital Research

## Exchange Rate:

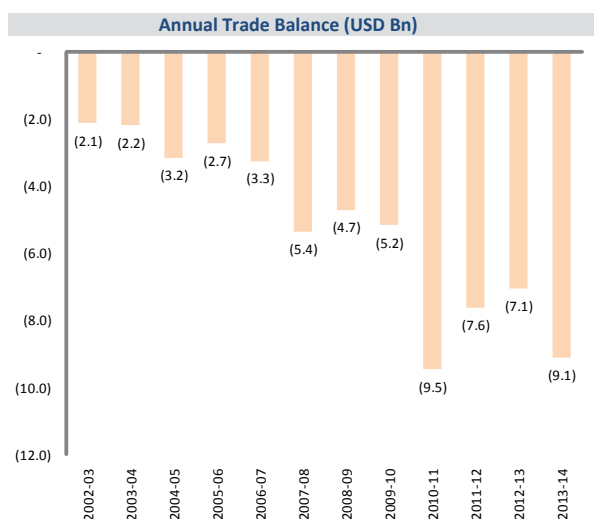


## FDI Inflow and Portfolio Investment:

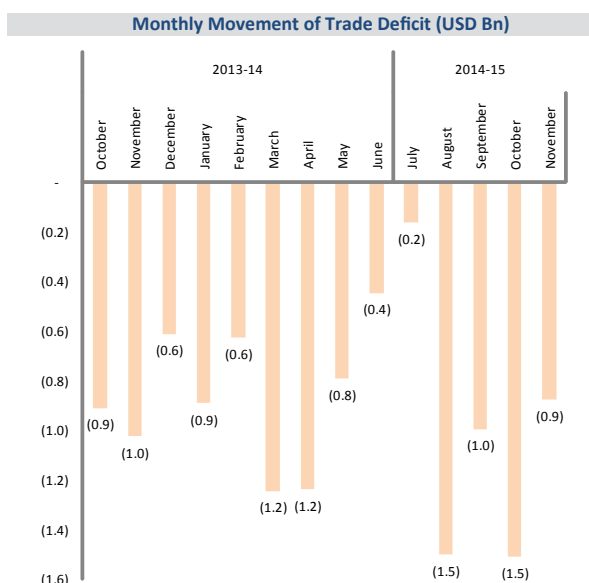


Source: Bangladesh Bank and IL Capital Research.

## International Trade:

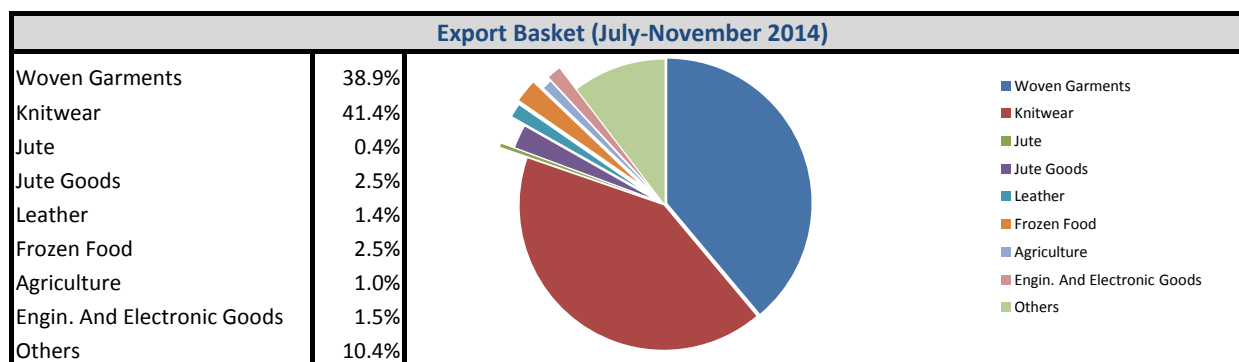
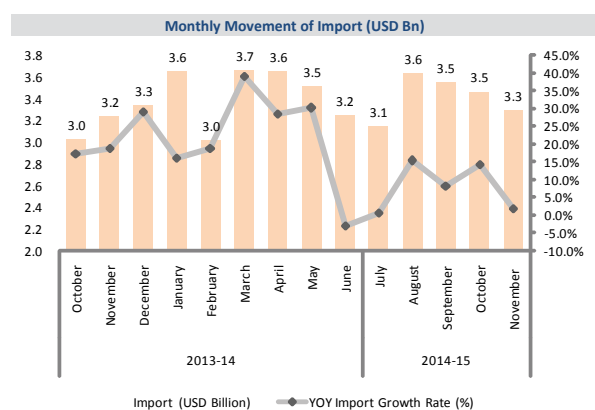
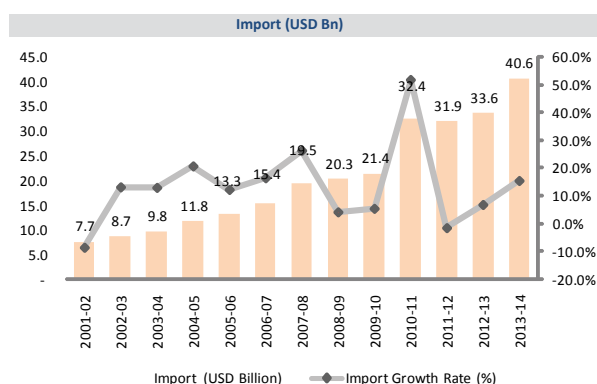
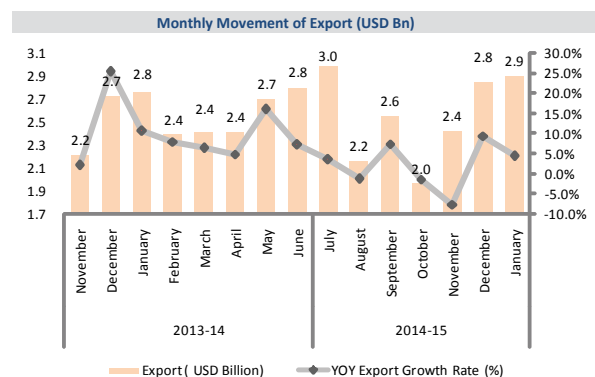
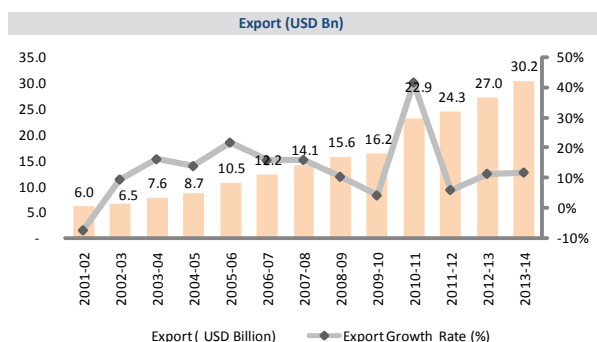


Source: Bangladesh Bank and IL Capital Research

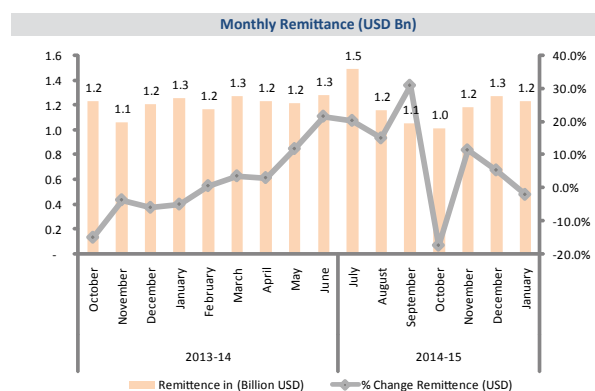
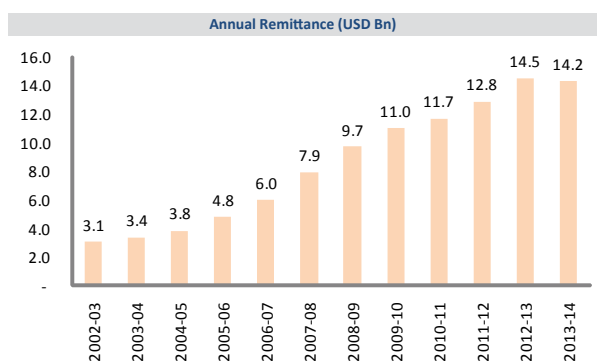




## International Trade (Continued):

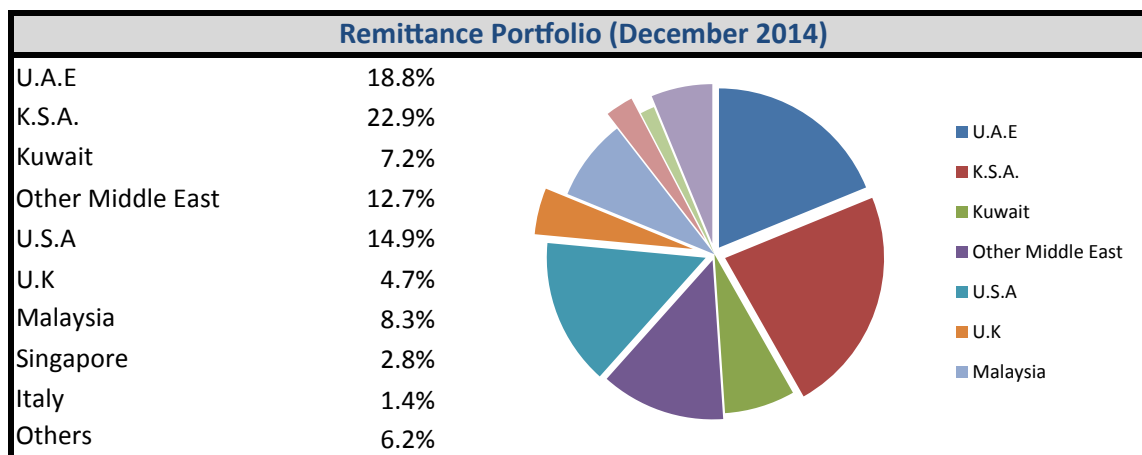


## Remittance:



Source: Bangladesh Bank and IL Capital Research

## Remittance (Continued):



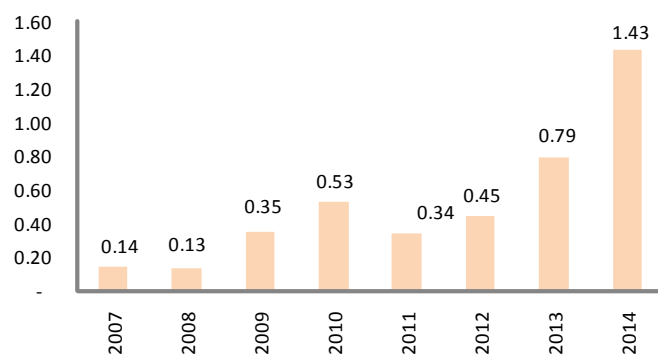
## Interest Rate:



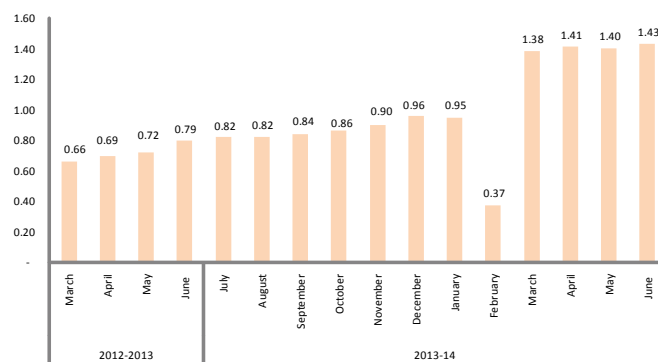
Source: Bangladesh Bank and IL Capital Research

## Interest Rate (Continued):

Excess Liquidity (in Trillion BDT)



Excess Liquidity (in Trillion BDT)



Source: Bangladesh Bank and IL Capital Research



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### We offer:

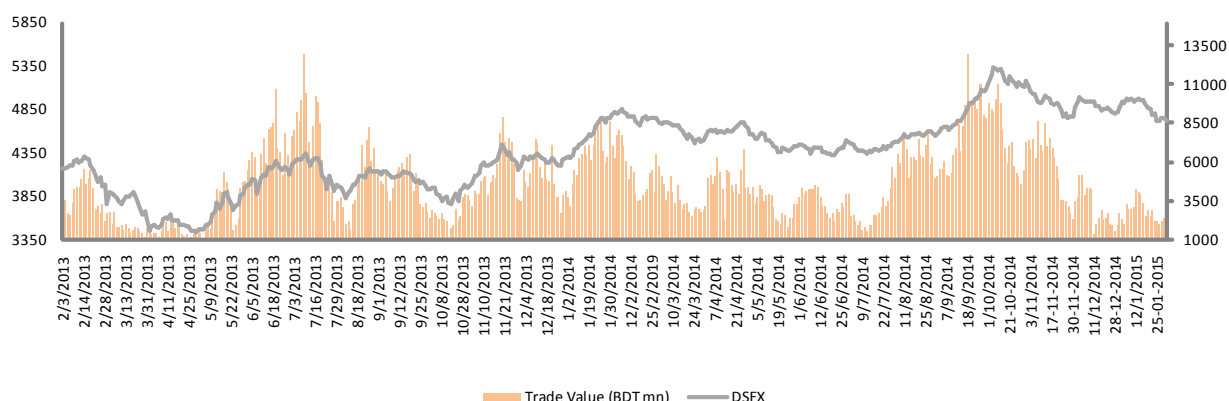
- Issue Management
  - Underwriting
  - Private Equity
  - Capital Raising
  - Loan Syndication
- Merger and Acquisition
- Bonds and Convertibles
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**MARKET UPDATE:**

- The benchmark index of Dhaka Stock Exchange (DSEX) was down in January 2015.
- During the month of January 2015, Market (DSEX) closed down by 2.9%, mainly driven by the down-trend in share prices of Real Estate & Service, Telecommunication, General Insurance, Engineering, Miscellaneous and Life Insurance.
- The major sectors that set backed during the month of January 2015 were Real Estate & Service (-14.1%), Telecommunication (-8.9%) and General Insurance (-7.7%).
- On the other hand, the major gainer sectors were Foods (8.3%), IT (0.5%) and Tannery & Footwear (0.2%) in January 2015.
- Among the companies traded in the Dhaka Stock Exchange (DSE), ALLTEX (16.5%), PF1STMF (15.2%), DULAMIAACOT (14.3%), GEMINISEA (13.7%) and PHARMAAID (12.6%) were the top gainers in January 2015.
- On the other hand, major loser companies were PRIMELIFE (-28%), SAPORTL (-24.5%), HFL (-20.9%) and QSMDDRYCELL (-20.1%) in January 2015.
- During the month of January 2015 the average daily turnover of Dhaka Stock Exchange was down by 10.2% to BDT 2.56 bn from BDT 2.86 bn in December 2014. Average daily turnover of IT sector increased by 40.2% followed by Mutual Funds (21.1%) and Cements (11.2%) in January 2015. However, average daily turnover of Paper & Printing, Tannery & Footwear, Pharma & Chemicals and Life Insurance sector declined by 60.3%, 41.7%, 38.2% and 28.3% respectively in the same period.
- There are sectors that have outperformed DSEX Year-To-Date namely Foods by 11.2%, ITs by 3.4%, Tannery & Footwear by 3.1%, Banks by 2.8% and Cements by 2.5% as of January 29, 2015.
- On the other hand, Real Estate & Services, Telecommunication, Engineering, Insurances and Travel & Leisure have underperformed DSEX Year-To-Date as of January 29, 2015 by 11.2%, 6.0%, 4.4%, 4.3% and 2.5% respectively.
- Market capitalization of DSE decreased by 3.2% to BDT 2.60 trillion (USD 33.50 billion) as of January 29, 2015 from BDT 2.69 trillion (USD 34.61 billion) in December 2014.

**DSEX and Turnover movement in DSE**

Sources: DSE and IL Capital Research

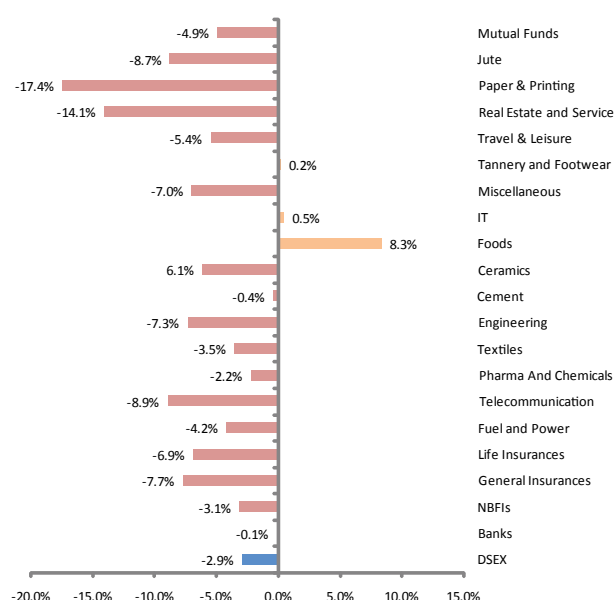
### Market Capitalization of DSE

Instruments	31-Jan-15			31-Dec-14			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,575,720.7	33,128.2	98.9%	2,660,885.4	34,223.6	98.9%	-3.2%
Mutual Fund	29,069.9	373.9	1.1%	30,559.5	393.0	1.1%	-4.9%
Total	2,604,790.6	33,502.1	100.0%	2,691,444.9	34,616.7	100.0%	-3.2%

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

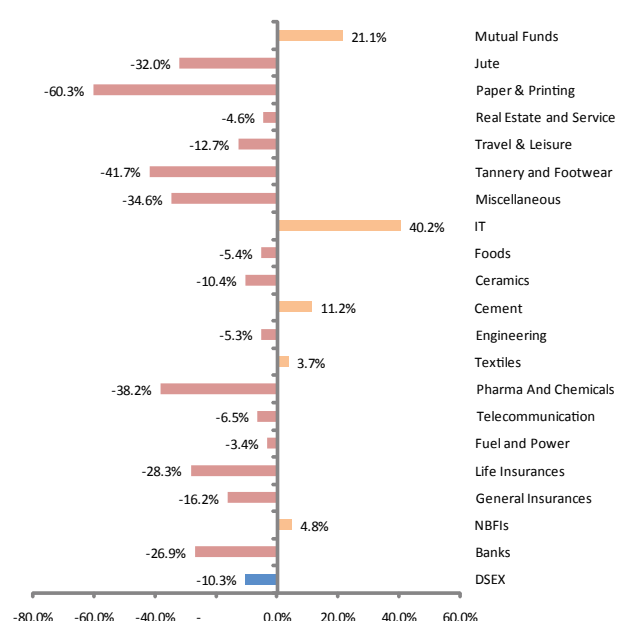
Source: DSE and IL Capital Research

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



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

### Average Turnover Movement in DSE (Monthly)



Note: Average Turnover excludes Block and Oddlot Market transaction

Source: DSE and IL Capital Research

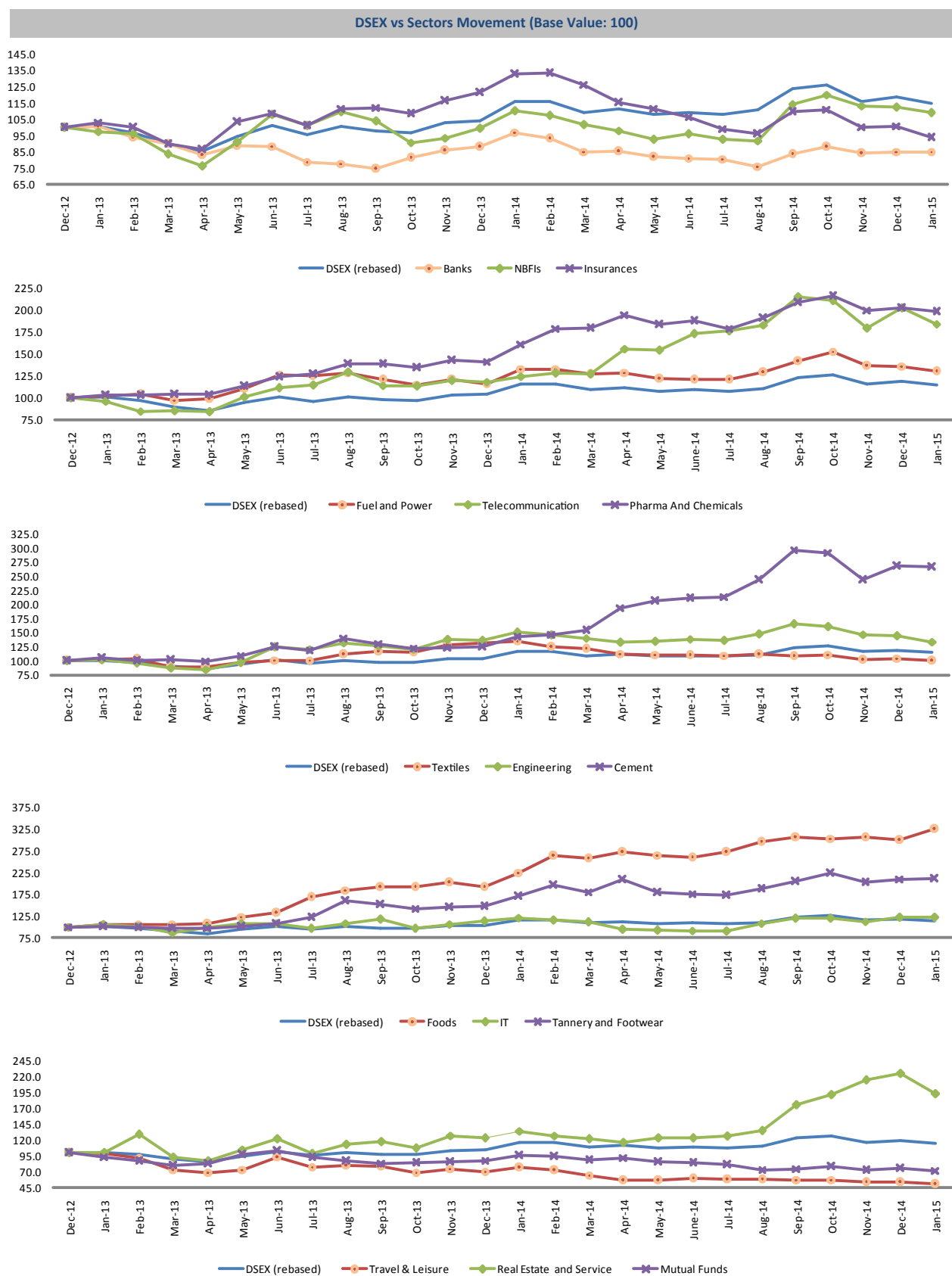
### Top Gainers This Month

1 ALLTEX	16.5%
2 PF1STMF	15.2%
3 DULAMACOT	14.3%
4 GEMINISEA	13.7%
5 PHARMAID	12.6%
6 DHAKABANK	11.5%
7 BATBC	10.7%
8 SAIHAMCOT	9.4%
9 SAIFPOWER	8.7%
10 DACCADYE	8.3%

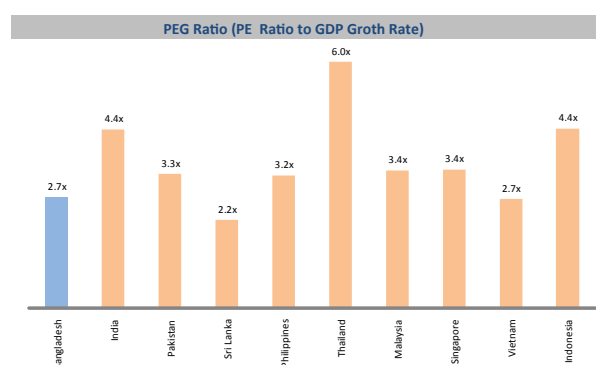
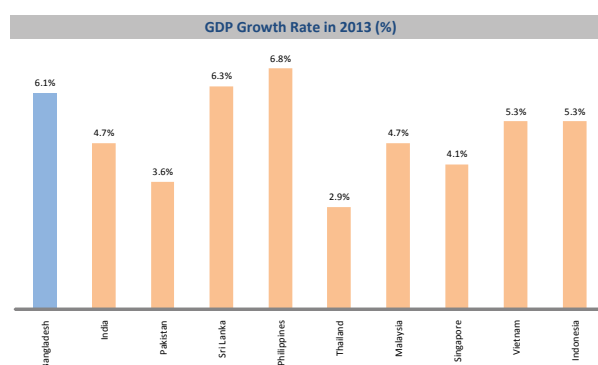
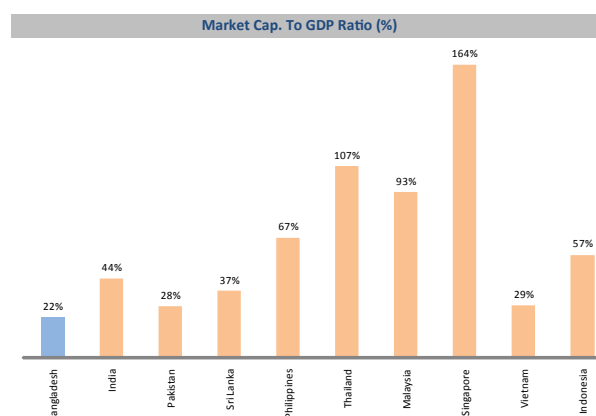
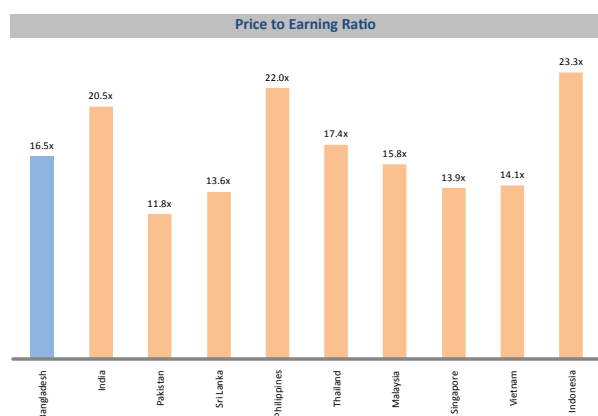
### Top Losers This Month

1 PRIMELIFE	-28.0%
2 SAPORTL	-24.5%
3 HFL	-20.9%
4 QSMCRYCELL	-20.1%
5 KBPPWBIL	-18.1%
6 REPUBLIC	-17.9%
7 NTLTUBES	-17.8%
8 HAKKANIPUL	-17.4%
9 SAFKOSPINN	-17.3%
10 BDTHAI	-17.0%

Source: DSE and IL Capital Research



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



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

- As on January 29, 2015, Bangladesh (DSE) is trading at P/E 16.5x which is lower than that of Philippine (22.0x) India (20.5x) and Indonesia (23.3x). However, Bangladesh (DSE) is trading higher than that of Singapore (13.9x), Sri Lanka (13.6x) and Malaysia (15.8x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on January 2015 is 2.7x which is lower than that of Singapore (3.4x), Malaysia (3.4x), Indonesia (4.4x) and India (4.4x).

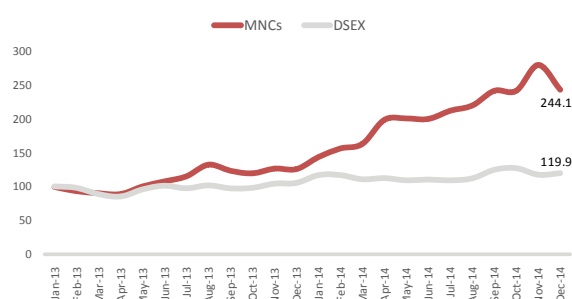
Regional Market Comparables							
Country	Index Symbol	Index Point	52-Week Low	52-Week High	PE Ratio	PEG Ratio	M. Cap (USD bn)
Bangladesh	DSEX	4,724	4.30K	5.37K	16.5x	2.7x	34.0
India	SENSEX	29,423	19.96K	29.79K	20.5x	4.4x	773.9
Pakistan	KSE100	34,448	25.38K	34.63K	11.8x	3.3x	67.2
Sri Lanka	CSEALL	7,396	5.83K	7.67K	13.6x	2.2x	24.1
Philippines	PCOMP	7,648	5.89K	7.74K	22.0x	3.2x	182.3
Thailand	SET	1,591	1.26K	1.60K	17.4x	6.0x	455.2
Malaysia	FBMKLCI	1,784	1.67K	1.90K	15.8x	3.4x	315.0
Singapore	FSSTI	3,426	2.95K	3.43K	13.9x	3.4x	442.8
Vietnam	VNINDEX	583	0.51K	0.65K	14.1x	2.7x	49.8
Indonesia	JCI	5,259	4.32K	5.33K	23.3x	4.4x	497.4

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

## Relative Cheapening of MNCs listed in Bangladesh

Multi National Companies (MNCs) listed in the major bourses of Bangladesh posted hefty return in the last couple of years. DSEX, the benchmark index of the Dhaka Stock Exchange, increased by 19.9%, whereas MNCs as a whole posted 144.1% price appreciation from Jan'13 to Dec'14. So a general question arises, "Are the MNCs listed in the Bangladesh stockmarket overvalued?"

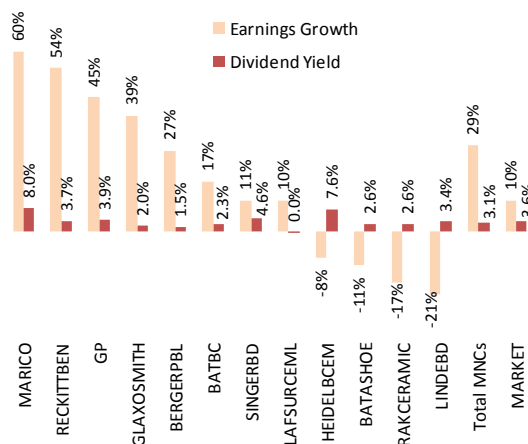
MNC and DSEX Performance (rebased)



Source: DSE and IL Capital Research

Price movement and valuations are completely two different things although they are interrelated in most of the cases. On holding period return perspective, MNCs outperformed the market by far margin. However, valuations could hinge on their fundamental value drivers as well as on the dividends.

Earnings Growth (2013-2014) and Dividend Yield (2014)

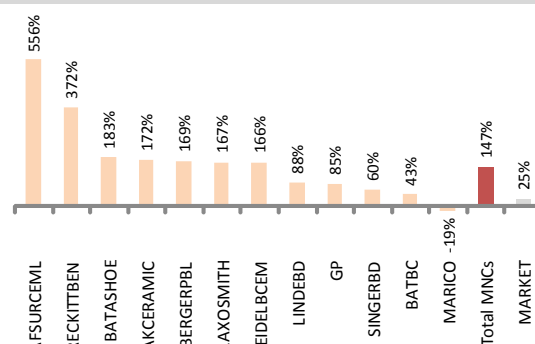


Source: DSE and IL Capital Research

On the fundamental ground, MNCs as a whole outperformed the total stockmarket from 2013 to 2014 as shown in the earnings growth figure above. Total MNCs as an aggregate posted 29% earnings growth in 2014 compared to the previous year.

Dividend yield of the major MNCs is also impressive. Some MNCs with high dividend history observed high price appreciation during the last couple of years. Specially, MARICO, HEIDELBERG and SINGERBD had good dividend yields during the period. Another important factor is significant increase in liquidity/turnover in MNC stocks. Most of the MNCs observed sharp increase in turnover in 2014 compared to the previous year.

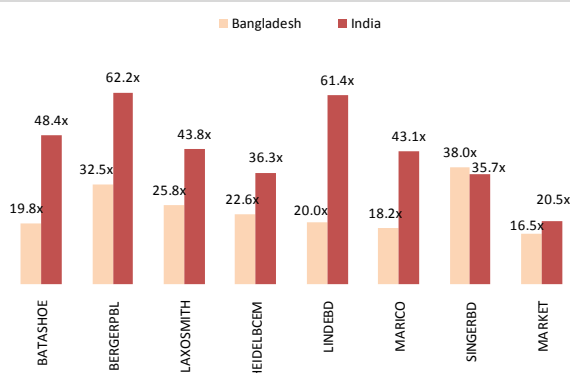
Increase in Daily Average Turnover from 2013 to 2014



Source: DSE and IL Capital Research

Still MNCs could look overvalued on the valuation perspective in comparison with the stock market of Bangladesh as a whole. MNCs are trading at 25.9x PE whereas the market PE is 16.5x.

PE Ratio (2014) of Major MNCs in Bangladesh and India



Source: DSE and IL Capital Research

However, MNCs in Bangladesh are trading at significant discount compared to their valuations in the Indian market as showed in the figure above.

***This is a clear indication for opportunity to invest in fundamentally strong MNCs in Bangladesh.***



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



## A REVIEW ON MONETARY POLICY STATEMENT (JANUARY-JUNE 2015)

On 29 January 2015, Bangladesh Bank revealed its Monetary Policy Statement (MPS) for H2 FY 2015. The aim of the central bank is to ensure a friendly environment of output growth by providing a stable macro platform with moderate inflation. For this purpose some adjustments in various economic targets are made. Overall, this MPS is mostly continuance of the MPS H1 FY2015.

An assessment of the projections in the last MPS and current estimations is as follows –

MPS Projection Vs. Actual			
Particulars	MPS H1 FY '15		MPS H2 FY '15
	Projected	Actual	Projected
GDP Growth	6.2% - 6.5%	-	6.5% - 6.8%
Inflation	6.5%	6.99%	6.5%
Broad Money Growth <sup>(R)</sup>	16.0%	12.8%*	16.5%
Reserve Money Growth <sup>(R)</sup>	15.5%	14.3%*	15.9%
Private Sector Credit Growth <sup>(R)</sup>	14.0%	12.7%*	15.5%
Public Sector Credit Growth <sup>(R)</sup>	10.9%	6.0%*	25.3%

(R)=Revised, \*Nov '14

### MPS H2 FY 2014-15

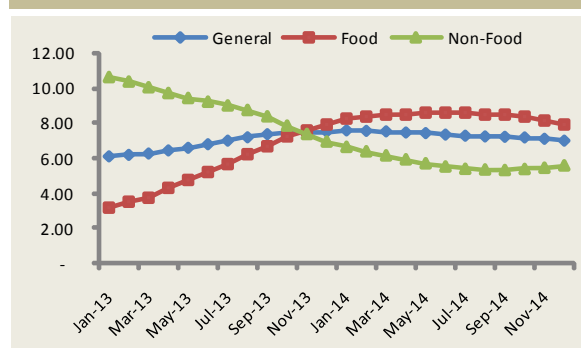
**GDP Growth Estimate:** In its MPS H2 FY '15, Bangladesh Bank has escalated its GDP growth projection range 6.5% - 6.8%. In H1 FY '15 this growth projection was 6.2% - 6.5%. BB assumed that, the country's economy will enjoy a momentum in the upcoming days. In the National Budget 2014-15, GDP growth was set to 7.3%.

**Policy Rates:** There are no changes in the Repo rate (7.25%) and Reverse Repo rate (5.25%) in this MPS. At the same time, CRR and SLR are also kept unchanged to 6.5% and 19.5% respectively.

**Inflation:** BB kept its inflation target for H2 FY '15 at 6.5%, same as H1 FY '15. On December 2014, actual average general inflation was 6.99%. In the National Budget FY '15, the announced inflation target was 6.5%. BB has expressed concern that accelerated aggregate demand, gas and electricity price hike, salary revise in the public sector and the resulting wage adjustment in private sector may exert upward pressure on non-food inflation. However, BB wished dealing the situation by probable better crop production and supportive policy stance.

From January 2013, 12-Month average food inflation displayed upbeat trend whereas non-food inflation portrayed declining tendency. In H1 FY '15, both food and non-food inflation showed falling trend which brought down the average general inflation below 7.0% level.

### 12-Month Average Inflation (in %)\*



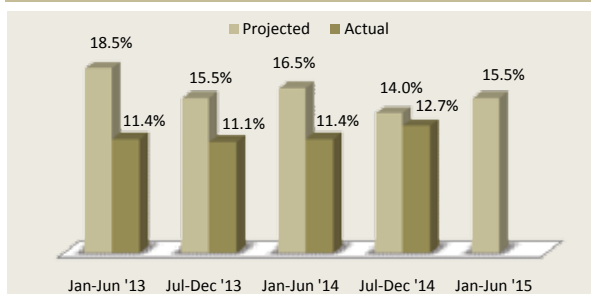
\*Base Year 2005-06; Source: Bangladesh Bank & ILSL Research

**Reserve Money & Broad Money:** For H2 FY '15, BB targets 15.9% for reserve money growth which was 15.5% in H1 FY '15. Point-to-point estimate of BB's data showed that, reserve money attained 14.3% growth in November 2014.

In case of broad money, targeted growth rate is 16.5% by June 2015, which was 16.0% for December 2014. On November 2014, broad money growth rate was 12.8%.

**Private Sector Growth:** Bangladesh Bank set its private sector credit growth target for H2 FY '15 to 15.5%. Whereas in H1 FY '15, revised private sector credit growth target was 14.0%. According to BB's data till November 2014, 12.7% growth was achieved from local sources. However, considering external borrowing, total private sector credit registered 14.3% growth on November 2014.

#### Private Sector Credit Growth Scenario\*



\* Excluding Borrowing from Foreign Sources  
Source: Bangladesh Bank & ILSL Research

**Government Borrowing:** In the National Budget 2014-15, estimated Government borrowing from banking system was BDT 312 billion which was BDT 300 billion in the revised budget 2013-14. BB assumed that any surprising spending pressure can be managed within the target borrowing limit; since, the Ministry of Finance (MoF) has set itself to remain within the boundary. In FY 2014-15, the Government did not borrow any money from the banking system on net calculation basis. Instead, it repaid BDT 41 billion to the banking system in H1 FY '15. Slower paces of ADP implementations in the H1 FY '15 as well as substantial revenue from savings certificates have occasioned this scenario.

**Export & Import:** Considering projected rising global trade volumes and investors' confidence level, BB projects the overall export growth to be 8% and import growth to be 15% for H2 FY '15. In H1 FY '15 MPS, BB estimated export growth of 12% and import growth of 15%. So far, July-December'14 export earnings registered 1.56% growth compared to the corresponding period of the previous year. In the meantime, import registered 16.64% growth on July-November '14 period than that of the same period of the last year.

Export growth slowed down significantly due to cancelation of garments order for political instability. In addition, an unfortunate event (Rana Plaza) in garments sector has fuelled the condition. Meanwhile, import L/C opening data recorded 14.77% growth during July-November 2014 indicating higher import payments in H2 FY '15.

**Foreign Exchange Reserve & Remittance:** According to BB's Data on December 2014, foreign exchange reserve was USD 22.31 billion, which was USD 18.12 billion on January 2014. The central bank has decided to maintain comfortable amount of foreign currency reserves to cover imports of 5 to 10 months. BB anticipates additional buildup in foreign exchange reserves in the second half of FY '15. The overall remittance earnings in H1 FY '15 increased by 10.3% compared to that of H1 FY '14. BB is hopeful for a solid remittance growth in the second half of FY 2014-15. In the Current MPS BB assumes remittance growth of 12% which was 4% in the H1 FY '15 MPS.

#### Observations:

- No major policy stances have been taken in the declared MPS that may significantly affect the country's money market or capital market. In other words, this MPS is a furtherance of H1 FY'15.
- Considering the recent development in the political condition attaining the targeted GDP growth seems quite difficult.
- Achieving targeted inflation level would be challenging. Several concerned issues specified by BB as well as present unstable political condition might affect both food and non-food inflation.
- BB has clearly uttered its strict position on banking sector governance and made warning on irregularities and persistent delinquencies.
- In this MPS, no noticeable assistance was provided for the capital market. However, BB stated its supportive stance through on-going deeper regulatory coordination and policy support.
- BB has also indicated that lower deposit rate in the banking system may induce more investment into the capital market.

#### Concluding Remarks

In the current MPS, Bangladesh Bank targeted to attain sustainable growth and moderate inflation without any major policy changes. Considering the Country's present political condition it would be challenging to achieve the objectives.

## LISTED MULTINATIONAL CORPORATION IN DSE

For the economic development of a nation, particularly the developing one, contribution of both local and foreign entrepreneurs is needed. As an emerging country, Bangladesh always welcomes foreign investment with its liberalized industrial policy and private sector-led growth strategy. Besides that, Bangladesh offers some of the world's most competitive fiscal and non-fiscal incentives. That is why several Multinational Companies (MNCs) have extended their business here. Some of these MNCs are also listed in the Country's capital market.

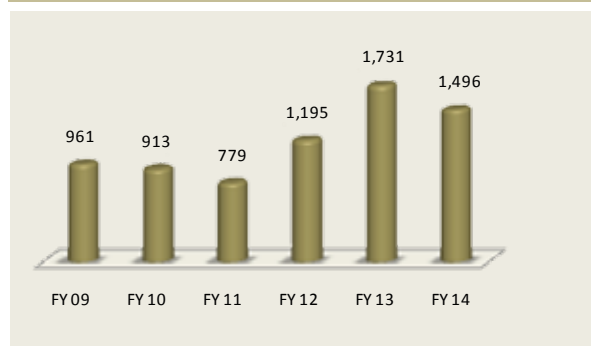
### Foreign Direct Investment (FDI) in Bangladesh

Foreign direct investment (FDI) plays vital role for the Country's economic development. It is actually transfer of capital from a source country to a host country. There are three ways by which capital can be transferred from one country to another. These are –

- Equity Capital
- Reinvested Earnings and
- Intra Company Loan

In 1980s, Bangladesh started to attract foreign investment. For this purpose, Foreign Private Investment (Protection and Promotion) Act-1980 and Bangladesh Export Processing Zones Authority Act-1980 were enacted. These initiatives made foreign investors confident about Bangladesh. Since then, the Country is trying to invite more and more overseas investment. Here is the Country's last six years FDI status –

**FDI inflows in the Last Six Years (in USD mn)**

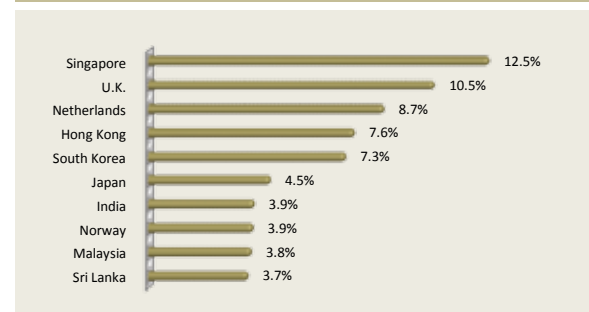


Source: Bangladesh Bank & ILSL Research

In FY 2013-14, the amount of FDI was USD 1,496 million which was USD 235.13 or 13.6% lower compared to that of previous year. The investors' confidence level was trembled due to frequent political uncertainty and violence. As a result, foreign investment dropped noticeably.

The Country received FDIs from around 55 countries in 2013-14. However, top 20 countries' contribution was more than 90% of total FDIs. In 2013-14, highest FDIs providing countries are –

**Top 10 FDI Providing Countries in FY 2013-14**

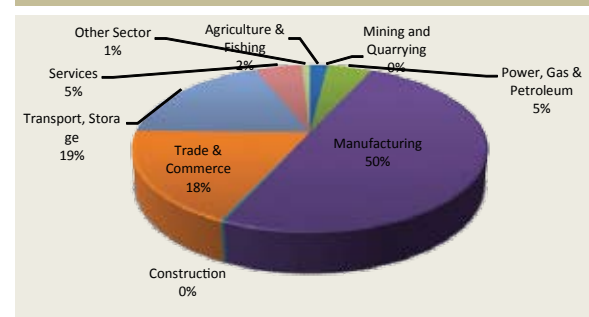


Source: Bangladesh Bank & ILSL Research

As it can be seen, Singapore, U.K and Netherlands – top three investee countries invested 31.7% of total FDIs in 2013-14.

The foreign investors choose to invest at the various sector of the economy. The major portion of FDIs is concentrated on Manufacturing sector – around 50%, followed by Transport, Storage and Communication (19%) sector and Trade & Commerce (18%) sector.

**FDI Sector Concentration in FY 2013-14**



Source: Bangladesh Bank & ILSL Research

Sectors like food products, textile & wearing, Pharmaceuticals & chemicals, cement, leather etc. are included in the Manufacturing sector. Naturally, textile & wearing is the prime subsector which contributes around 58% of the manufacturing sector.



## MNCs in Bangladesh

Bangladesh has long experience with the operation of MNCs. Companies like BATBC or Bata shoe are functioning in the Country before the independence. Currently, plenteous MNCs are operative at various industries. Sector like telecommunication was developed by the support of MNCs (Grameenphone, Banglalink, Robi and Airtel). The presence of MNCs can also be widely noticed in banking industry (HSBC, Standard Cratered Bank, Citi NA etc.), in petroleum industry (Chevron, Mobil etc.), in FMCG sector (Unilever Bangladesh, Nestle Bangladesh etc.).

Before further proceed, the concept of MNC can be recalled. According to Encyclopedia Britannica, “multinational company is any corporation that is registered and operates in more than one country at a time. Generally the corporation has its headquarters in one country and operates wholly or partially owned subsidiaries in other countries. Its subsidiaries report to the corporation’s central headquarters.”

From this definition, two features of MNCs can be exhumed –

- MNCs should have registration and operation at least two countries.
- Subsidiary should report to the corporation’s central headquarters

## Guidelines for MNCs

To promote the socio-economic development of the Country, the Government of Bangladesh has offered various supportive policy initiatives for overseas investment. There are four reserve sectors in which private investment is restricted. These sectors are –

- arms and ammunition and other defense equipment and machinery
- forest plantation and mechanized extraction within the bounds of reserved forests
- production of nuclear energy and
- security printing and mining

Apart from these sectors the Country welcomes investment in all areas of economy. Particularly, for foreign venture investment, the following categories of industries are more desirable –

- Export oriented industries
- Industries in the Export Processing Zones (EPZs)
- High technology products that will be either import substitute or export oriented

The Government has induced plenty of incentives to catch the attention of overseas investors. Some of these incentives are -

- There is no limitation pertaining to foreign equity participation, i.e. 100% foreign equity is allowed.
- Full repatriation of capital invested from foreign sources is allowed.
- Profits and dividend accruing to foreign investment can be transferred in full.
- Foreign entrepreneurs are entitled to the same facilities as domestic entrepreneurs with respect to tax holiday, payment of royalty, technical know-how fees etc.
- The process of issuing work permits to foreign experts on the recommendation of investing foreign companies or joint ventures is operated without any hindrance or restriction.

## Listed MNCs in DSE

Listed MNCs & their Originating Country			
	Sector	Parent Company	Originating Country
RAKCERAMIC	Ceramic	RAK Ceramics	UAE
GP	Telecom	Telenor ASA	Norway
BATBC	Food & Allied	British American Tobacco	England
LAFSURCEML	Cement	Lafarge	France
HEIDELBCEM	Cement	Heidelberg Cement	Germany
BATASHOE	Tannery	Bata	Switzerland
SINGERBD	Engineering	The Singer Bhold BV	Netherlands
BERGERPBL	Misc.	Berger Paints India Limited	India
RECKITT BEN	Pharma. & Chemicals	RB plc	England
GLAXOSMITH	Pharma. & Chemicals	GlaxoSmithkline plc	England
MARICO	Pharma. & Chemicals	Marico Limited, India	India
LINDEBD	Fuel & Power	Linde AG	Germany

Source: DSE and company annual reports

## Market Capitalization in DSE

Among the large cap stocks in the Country’s capital market, most of them are MNC’s. GP holds the highest weight among all the listed scrips in DSE. BATBC, LAFSURCEML, MARICO, BERGERPBL are the other large caps in the bourse. However, Most of the MNC’s possess majority of market caps within the sector that the company operates. GP holds 96.97% weight within the telecommunication sector, RAKCERAMIC holds 81.15% weight in ceramic sector BATBC holds 75.15% of the food and allied sector market capitalization, BATASHOE has 70.21% weight in tannery sector market capitalization.

**Market Capitalization of Listed MNCs**

	Mkt Cap (BDT mn)	Mkt Cap (USD mn)	Market Weight	Weight in Sector
RAKCERAMIC	18,291	235	0.57%	81.15%
GP	472,875	6,077	14.72%	96.97%
BATBC	167,298	2,150	5.21%	75.15%
LAFSURCEML	146,449	1,882	4.56%	72.78%
HEIDELBCEM	27,800	357	0.87%	13.82%
BATASHOE	16,482	212	0.51%	70.21%
SINGERBD	13,026	167	0.41%	11.80%
BERGERPBL	32,191	414	1.00%	48.37%
RECKITT BEN	4,777	61	0.15%	1.45%
GLAXOSMITH	17,812	229	0.55%	5.42%
MARICO	34,864	448	1.09%	10.60%
LINDEBD	13,693	176	0.43%	4.15%

Source: DSE and ILSL Research; 1 US\$ = BDT 77.81

### Ownership Structure

Sponsors/ directors hold majority of the ownership which is a common feature of the listed MNC's in Bangladesh. At the same time, institutional investors also showed their longing for MNCs.

**Ownership Structure of the Listed MNCs (in %)**

	Sponsor	Govt	Inst.	Foreign	Public
RAKCERAMIC	77.82	0	10.45	0	11.73
GP	90	0	6.04	0	3.96
BATBC	72.91	0.64	13.61	0	12.84
LAFSURCEML	65.86	0	4.04	0	30.1
HEIDELBCEM	60.67	0	23.13	0	16.2
BATASHOE	70	0	11.6	0.02	18.38
SINGERBD	75	0	5.17	0	19.83
BERGERPBL	95	0	3.5	0.6	0.9
RECKITT BEN	82.96	3.77	8.41	0	4.86
GLAXOSMITH	81.98	0	11.64	0	6.38
MARICO	90	0	9	0	1
LINDEBD	60	0	20.7	0	19.3

Source: DSE and company annual reports

As identified above, Sponsors holding are highest in BERGERPBL(95.0%), GP (90.0%) and MARICO (90.0%) while LINDEBD (60.0%), HEIDELBCEM (60.7%) and LAFSURCEML (65.9%) offloaded most.

### Dividend Trend

In Bangladesh, multinational corporations normally offer generous dividend, particularly cash, to its investors. This feature of MNCs attracts particular group of investors who preferred dividend income over the period. So far, listed MNCs have declared a significant amount of cash dividends every year after their listing with the bourses.

Unlike other MNCs listed in the bourses, RAKCERAMIC and SINGERBD offer stock dividend. LAFSURCEML did not declare any dividend up to FY 2013 as the company had accumulated loss. However, the company has declared and distributed 5% interim cash dividend for the year ending on 31 December 2014. GP, BATBC, BATASHOE, SINGERBD, RECKITT BEN, MARICO and LINDEBD provide regular interim cash dividend to its stockholders.

**Dividend Trend of Listed MNCs (in %)**

	2012		2013		2014	
	Cash	Stock	Cash	Stock	Cash	Stock
RAKCERAMIC	15	10	15	10	-	-
GP	140	0	140	0	95*	-
BATBC	500	0	620	0	100*	-
LAFSURCEML	0	0	0	0	5*	-
HEIDELBCEM	50	0	380	0	-	-
BATASHOE	275	0	300	0	175*	-
SINGERBD	125	25	100	25	160*	-
BERGERPBL	180	0	220	0	-	-
RECKITT BEN	150	0	400	0	450*	-
GLAXOSMITH	150	0	300	0	-	-
MARICO	100	0	150	0	900	0
LINDEBD	310	0	310	0	200*	-

\*interim dividend only; Source: Company annual report and DSE website

RAKCERAMIC maintains a stable dividend policy of 15% cash and 10% stock dividend policy over the year. Among the top multinational companies in terms of dividend declarations, BATBC, RECKITT BEN and BATASHOE declare higher cash dividend. BATBC declared 620% cash dividends for the year 2013, against 500% in 2012. Reckitt Benckiser declared 400% cash dividend in 2013 against 150% in 2012. Bata Shoe declared 300% cash dividend in 2013, which was 275% in 2012.

### Liquidity Trend

Among the listed MNC's, GP is the most liquid scrip traded in DSE followed by LAFSURCEML, HEIDELBCEM and BATBC. GP accounts for 3.9% of the average daily turnover of DSE in FY 2014. LAFSURCEML accounts for 3.11%, HEIDELBCEM for 1.36% and BATBC 0.81% of the daily average turnover.

Liquidity of MNCs in DSE		
	Avg Daily Turnover (based on yearly data) (in BDT mn)	% of DSE Daily Avg Turnover
GP	199.7	3.97%
LAFSURCEML	156.5	3.11%
HEIDELBCEM	68.4	1.36%
BATBC	40.9	0.81%
SINGERBD	39.4	0.78%
RAKCERAMIC	28.3	0.56%
BATASHOE	13.6	0.27%
LINDEBD	10.0	0.20%
MARICO	6.0	0.12%
GLAXOSMITH	5.6	0.11%
BERGERPBL	5.5	0.11%
RECKITT BEN	1.1	0.02%
<b>DSE</b>	<b>5,031.5</b>	

Source: DSE and ILSL research

### Corporate Governance

MNC's operating in Bangladesh practices fairly good corporate governance. Corporate governance refers to the set of systems, principals and processes by which a company is governed. Good corporate governance is a situation in which a company complies with all of its governance policies and applicable government regulations in order to look out for the interests of the company's investors and other stakeholders. The multinational companies are well-managed and have reputation of their product quality.

*Financial and Information Disclosures:* Nearly all the listed MNC's provides sufficient disclosures in the yearly financial reports. The qualities of the reported statements are reasonably sound. Reasonable understanding of company operation and management activity can be traced from the financial releases.

*Structure of the Board of Directors:* The board of directors in the listed MNC's is composed of representatives from the company and representatives from outside of the company. Directors are elected by the shareholders. The board oversees the management and governance of the company and responsible for company operation for best interest of the shareholders.

*Promotion of ethical behavior:* Corporate governance provides guidelines and standards that make explicit what constitutes ethical behavior. In most of the MNC's Board of Directors have laid down code of conduct of all Board members and annual compliances of the code has been recorded.

### Performance of MNC's in DSE

Among the listed MNC's RAKCERAMIC, GP, BATASHOE, GLAXOSMITH and MARICO hovers around the respective sector P/E. However, LAFSURCEML, SINGERBD, LINDEBD and RECKITT BEN has much higher P/E compared to their respective industry P/E. HEIDELBCEM, BATBC, BERGERPBL have lower P/E. All the MNC's except HEIDELBCEM have much higher P/B multiple. Most of the MNC's achieved around 5%-9% CAGR in revenue from the period of 2009 to 2013. However BATBC, GLAXOSMITH and BERGERPBL gained lucrative 58.0%, 22.4% and 17.62% CAGR in revenue during the same period.

Price Performance of MNCs in DSE				
	P/E	P/B	4-Yr CAGR Revenue	4-Yr CAGR Net Profit
<b>RAKCERAMIC</b>	32.4	3.2	7.7%	16.0%
Sector: Ceramic	32.3	1.5		
<b>GP</b>	22.2	15.1	10.3%	-0.5%
Sector: Telecom	22.1	13.2		
<b>BATBC</b>	29.3	18.7	58.0%	24.2%
Sector: Food	30.9	11.2		
<b>LAFSURCEML</b>	52.1	13.2	10.7%	26.46%
Sector: Cement	35.2	6.2		
<b>HEIDELBCEM</b>	20.7	3.7	8.41%	14.7%
Sector: Cement	35.2	6.2		
<b>BATASHOE</b>	22.8	7.3	11.3%	16%
Sector: Tannery	23.5	3.8		
<b>SINGERBD</b>	31.0	5.0	10.8%	46.5%
Sector: Engineering	20.7	1.7		
<b>BERGERPBL</b>	28.4	11.1	17.62%	10.4%
Sector: Misc.	30.8	0.8		
<b>RECKITT BEN</b>	24.7	11.5	6.6%	-10.0%
Sector: Pharma.	22.4	3.3		
<b>GLAXOSMITH</b>	23.5	9.6	22.4%	14%
Sector: Pharma.	22.4	3.3		
<b>MARICO</b>	22.8	20.5	10.8%	16.5%
Sector: Pharma.	22.4	3.3		
<b>LINDEBD</b>	23.3	5.6	10.3%	4.9%
Sector: Power	11.8	2.0		

Source: DSE and ILSL Research (as on 25 January 2015)

**BERGER PAINTS BANGLADESH LTD.****Company Overview**

Berger Paints Bangladesh Ltd. (BERGERPBL), formally known as Jenson & Nicholson (J & N), was established by Louis Berger & Sons Limited in 1970. The company has been converted to public limited company in 2005 and listed in both DSE and CSE in 2005.

The principal activities of BERGERPBL is to manufacture and market several liquid and non-liquid paints and varnishes including Color-Bank, Superior Marine Paints, Textured Coatings, Heat Resistant Paints, Roofing Compounds, Epoxies and Powder Coatings.

BERGERPBL's revenue comes mainly from liquid and non-liquid paints, generating 97% of total revenue. Among these products, liquid paints serve as core revenue driver, providing 87.6% of total revenue. However, domestic market remained as the core revenue source spawning about 99.6% of the company's revenue in year 2013.

The company has a 100% owned subsidiary named Jenson & Nicholson (Bangladesh) Limited (JNBL) and an associate named Berger Becker Bangladesh Ltd. that manufactures coil coatings where it holds 49% share.

Present installed capacity of the company stands at 50.3 million LT for liquid paints and 16.2 million KG for non-liquid paints. Capacity utilization was 84.4% in liquid segment and 81.4% in non-liquid segment during the year 2013. The company sources raw materials from global brand MITSUI, MOBIL, DUPONT and BASF etc. The nationwide dealer network, supported by eleven sales depots located at different districts enable the company to cater to all the parts of the country.

Currently, as per the DSE website, 95% of the shares of the company are held by its sponsor/ directors, 3.5% by institutions, 0.6% by foreign investors and rest 0.9% by general public.

**Investment Insight**

- **Berger paints is the market leader in Bangladesh paint industry holding 48% market share.**
- Berger has recently introduced lead free paint line in the Berger Lead Free project. Berger's products are now all below 90 parts per million (PPM) in lead content which is the acceptable limit. Currently, despite the internationally acceptable levels of lead considered to be 90 PPM, in Bangladesh the limit stands at 600 PPM for both enamel and floor paint, which is too high and extensively harmful.
- Continuing with the environment friendly range of 'BreatheEasy'- the first ever odor free and eco-friendly paint in Bangladesh, BreatheEasy Water Based Enamel was launched in 2013. This is the first ever water based enamel in the country.
- Berger Paints also launched two other products named Mr. Expert Cement Mix and Mr. Expert Tile Grout under its Construction Chemical product range during 2013.
- Berger's move to the lead-free paint has come at a cost. High lead content helps keep prices down and thus Berger has had to consider their cost in terms of pricing strategy

DSE: **BERGERPBL**  
BLOOMBERG: **BRGR:BD**

**Company Fundamentals**

Market Cap (BDT mn)	32,571
Market weight	1.02%
No. of ShareOutstanding (in mn)	23.2
Free-float Shares	5%
Paid-up Capital (BDT mn)	132
3-month Average Turnover (BDT mn)	1.6
3-month Return	30.9%
Current Price (BDT)	1404.6
52-week price range (BDT)	840 - 1475
Trailing 12 Months P/E	31.7

	2011	2012	2013	2014 (9M ann)
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**Financial Information (BDT mn):**

Sales	6,321	7,611	8,799	10,928
Operating Profit	969	1,117	1,343	1,541
Profit After Tax	721	771	900	1,143
Assets	3,425	3,723	4,487	5,214
Long Term Debt	103	112	149	175
Equity	1,988	2,449	2,931	3,278
Dividend C/B)%	180/0	180/0	220/0	-/-

**Margin:**

Gross Profit	33.7%	33.9%	38.7%	40.0%
Operating	15.3%	14.7%	15.3%	14.1%
Pretax Profit	14.2%	13.9%	14.7%	14.6%
Net Profit	11.4%	10.1%	10.2%	10.5%

**Growth:**

Sales	15.3%	20.4%	15.6%	24.2%
Gross Profit	2.0%	21.2%	31.9%	28.3%
Operating	2.6%	15.2%	20.3%	14.7%
Net Profit	2.3%	6.9%	16.7%	27.1%

**Profitability:**

ROA	22.3%	21.6%	21.9%	23.6%
ROE	39.3%	34.8%	33.4%	36.8%

**Leverage:**

Debt Ratio	9.3%	0.9%	1.5%	2.6%
Debt-Equity	16.0%	1.4%	2.3%	4.2%
Int. Coverage	22.2	60.1	116.0	272.5

**Valuation:**

Price/Earnings	45.16	42.24	36.20	28.49
Price/BV	16.38	13.30	11.11	9.94
EPS (BDT)	31.10	33.25	38.80	49.31
NAVPS (BDT)	85.7	105.6	126.4	141.3

**Last 5 Years Price (BDT) Movement**

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



## LINDE BANGLADESH LIMITED

### Company Overview

Linde Bangladesh Limited (LINDEBD), a subsidiary of BOC group Ltd. from U.K., was incorporated in 1973. The principal activities of the Company are manufacturing and supplying of industrial and medical gases, welding products and ancillary equipment. The Company offered ample of products – Compress Oxygen, Dissolved Acetylene, Mild Steel Electrodes, Low Hydrogen, Nitrous Oxide etc. are few names. Ship Breaking Industry, Real Estate, Boat Building sector, Bicycle industry, Automobile industry and Hospitals are the major customer groups of the firm. In 2013, production capacity utilization status was as follows – ASU Gases 70%, Dissolved Acetylene 25.2% and Electrodes 65.2%.

The Company generates revenue from three segments – Bulk Gases, Package Gases and Products (PG&P) and Hospital Care. PG&P is the major revenue making source which contributed 82.0% in 2013, while Hospital Care and Bulk Gases contributed 9.3% and 8.7% respectively.

In 2013, the Company reported 6% revenue growth while operating profit growth and net profit growth were 40.2% and 51.6% respectively. The reasons behind this are price drop of raw materials in the international market, efficient management and gain from sale of assets.

The Company operates with four factories and 18 sales centers at different places of the country. It has two fully owned subsidiaries – Bangladesh Oxygen Ltd. and BOC Bangladesh Ltd. The Firm was enlisted with the DSE in year 1976 and the CSE in year 1996. Around 60.0% shares of the company are held by the Sponsors whereas Institutional Investors and General Investors held 20.7% and 19.3% respectively.

### Investment Insight

- The Company has achieved stable revenue growth over the years. 5 year CAGR (Compound Annual Growth Rate) of revenue of the Company was 10.2%.
- Price fall of raw materials in the international market stimulated the gross margin ratio from 33.81% to 37.13%.
- The Company has wide customer base (around 35,000 customers) from different industries which secured the flow of revenue stream.
- In 2013 annual report, the Company has expressed its view to invest in upcoming projects which eventually stimulate the revenue. Meanwhile, as per the Company officials, Welding Electrode Factory 4th line project has come into commercial operation.
- It has established handsome dividend policy over the years (as mentioned in the table).
- As per 9 months financials, the Company has recorded around 4.0% decline into its revenue compared to that of same period of last year due to political instability.
- Liquidity of the Company's share is thin. In the last three month, on an average, only BDT 3.1 million shares were traded.
- Currently (as on date) the Company is running at P/E of 23.3x whereas F. P/E of Fuel & power sector is 12.1.

DSE: LINDEBD

BLOOMBERG: LINDEBD:BD

### Company Fundamentals as of January 29, 2015

Market Cap (BDT mn)	13,635.6
Market weight	0.5%
No. of Share Outstanding (in mn)	15.2
Free-float Shares	40.0%
Paid-up Capital (BDT mn)	152.0
3-month Average Turnover (BDT mn)	3.1
3-month Return	-1.3%
Current Price (BDT)	896.0
52-week price range (BDT)	122-1164.9
Sector's Forward P/E	12.1

	2011	2012	2013	2014 (9m Ann)
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### Financial Information (BDT mn):

Sales	3,730	3,817	4,056	3,867
Operating Profit	867	627	879	778
Profit After Tax	681	482	739	587
Assets	3,000	3,199	3,508	3,534
Long Term Debt	-	-	-	-
Equity	2,166	2,192	2,459	2,427
Dividend (C/B)%	350/-	310/-	310/-	200/- (interim)

### Margin:

Gross Profit	38.9%	33.8%	37.1%	39.9%
Operating Profit	23.3%	16.4%	21.7%	20.1%
Pretax Profit	25.2%	17.3%	24.7%	20.8%
Net Profit	18.3%	12.6%	18.2%	15.2%

### Growth:

Sales	16.6%	2.3%	6.3%	-4.7%
Gross Profit	8.1%	-11.0%	16.7%	2.4%
Operating Profit	5.6%	-27.7%	40.2%	-11.5%
Net Profit	2.0%	-29.2%	53.1%	-20.6%

### Profitability:

ROA	23.5%	15.6%	22.0%	16.7%
ROE	32.7%	22.1%	31.8%	24.0%

### Leverage:

Debt Ratio	-	-	-	-
Debt-Equity	-	-	-	-
Int. Coverage	-	-	-	-

### Valuation:

Price/Earnings	20.0	28.2	18.4	23.3
Price/BV	6.3	6.2	5.5	5.6
EPS (BDT)	44.8	31.7	48.5	38.5
DPS (BDT)	35.0	31.0	31.0	-
NAVPS (BDT)	142.3	144.0	161.6	159.5

### Last 3 Year's Price Movement (BDT)



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

## GLAXOSMITHKLINE BANGLADESH LIMITED

### Company Overview

GlaxoSmithKline (GSK) Bangladesh Limited was established on 25 February, 1974. The company is a subsidiary of GlaxoSmithKline Plc, UK. The principal activities of the company are manufacturing and marketing of pharmaceuticals healthcare products, vaccines, nutrition, oral and consumer healthcare products. Though the company has a thin market share in pharmaceutical market but it captured a strong market share in health food drink (88%), glucose powder (82%), vaccines (50%) and dermatological products (24%).

Some of the flagship products of the company are: HorlicksTM, GlaxoseTM, BoostTM, SensodyneTM, VentolinTM, BeconaseTM, CeporexTM, VotrientTM, SynflorixTM, etc. In 2013, the company utilized 57% of its pharmaceuticals segment (tablets and capsules only) and 79% of its consumer healthcare segment.

As of December 2013, consumer healthcare products and pharmaceuticals contribute 71% & 29% respectively to the company's revenue. Revenue of the company accounted 22% growth in 2013 over last year due to favorable import duty and stronger local currency. Interest income of about BDT 120 mn during the year resulted from robust cash flows. All these factors contributed in achieving 124% growth in profit after tax over last year.

The company was listed in DSE in 1976. Around 81.98% of shares of the company are held by Sponsors whereas 11.64% and 6.38% are held by Institutional and General Investors respectively.

### Investment Insight

- The Health Food Drink (HFD) segment of Bangladesh has grown at 18.30% in 2013 where the Consumer Healthcare Business of the company has grown at 24%. GSK Consumer Healthcare business dominates the segment with 89% market share (Annual Report 2013 of GlaxoSmithKline Bangladesh Ltd.).
  - In 2013, the pharmaceutical business of the company grew by 16% whereas the total pharmaceutical market growth was 8.12% according to the International Marketing Services (IMS).
  - The company's continuous effort in improving and introducing new products in local and international market along with several blockbusters confirmed the sustainability of the profit margins.
  - The Company established a sound dividend policy over the year.
  - In 2013, 85% of total raw materials consumed are imported. Hence, the company is exposed to foreign exchange risk.
- As on January 29, 2015, P/B of the Company was 8.7x which is quite high compared to the pharmaceutical sector P/B of 3.4x.
- Liquidity of the company's stock in DSE is very thin as three months daily average turnover was BDT 1.4 mn only.

DSE: **GLAXOSMITH**  
BLOOMBERG: **GLAXOW:BD**

### Company Fundamentals as of January 29, 2015

Market Cap (BDT mn)	17,855
Market weight	0.50%
No. of Share Outstanding (in mn)	12.0
Free-float Shares	18.0%
Paid-up Capital (BDT mn)	120
3-month Average Turnover (BDT mn)	1.4
3-month Return	-5.8%
Current Price (BDT)	1,842.2
52-week price range (BDT)	1028 - 1880
Sector's Forward P/E	22.6

	2011	2012	2013	2014 (9m Ann)
<b>Financial Information (BDT mn):</b>				
Sales	4,735	5,554	6,775	7,415
Operating Profit	417	376	599	1131
Profit After Tax	282	244	546	757
Assets	2,601	3,063	3998	4405
Long Term Debt	145	144	126	108
Equity	1,422	1,485	1,851	2,058
Dividend (C/B)%	150/-	150/-	300/-	-/-
<b>Margin:</b>				
Gross Profit	28.5%	28.6%	32.7%	38.8%
Operating Profit	8.8%	6.8%	8.8%	15.3%
Pretax Profit	9.8%	7.4%	10.7%	17.0%
Net Profit	6.0%	4.4%	8.1%	10.2%
<b>Growth:</b>				
Sales	30.4%	17.3%	22.0%	9.5%
Gross Profit	8.5%	17.9%	39.3%	29.8%
Operating Profit	-22.1%	-9.8%	59.3%	88.9%
Net Profit	-31.3%	-13.5%	123.9%	38.7%
<b>Profitability:</b>				
ROA	11.8%	8.6%	15.5%	18.0%
ROE	20.1%	16.8%	32.7%	38.8%
<b>Leverage:</b>				
Debt Ratio	-	-	-	-
Debt-Equity	-	-	-	-
Int. Coverage	-	-	-	-
<b>Valuation:</b>				
Price/Earnings	28.4	28.4	21.1	23.6
Price/BV	12.6	12.03	9.65	8.68
EPS (BDT)	23.4	20.30	45.40	62.90
NAVPS (BDT)	118.1	123.3	153.7	170.8

### Last 5 Year's Price Movement (BDT)



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

## MUTUAL FUND: MONTHLY UPDATE

### Performance of Mutual Funds

Mutual Fund Sector of DSE posted 2.29% loss over the month (**24 December, 2014 - 29 January 2015**), while the prime index of the bourse, DSEX, decreased by 2.1%. Price of 13 Mutual Funds increased, 3 Mutual Funds remain unchanged and 24 Mutual Funds decreased over the period. On the other hand, NAV @ Market Price of 9 Mutual Funds increased and 31 Mutual Funds decreased. Out of 40 Mutual Funds, 39 were traded below their respective NAV. LR Global Mutual Fund had the lowest Price/NAV ratio (41.7%) whereas 1STPRIMFMF was traded at highest Price/NAV ratio (135.8%). Price of PF1ST Mutual Fund gained 20.5% against decrease in NAV by 3.5%

Name of Fund	NAV Per Unit @		Price 29 Jan, 2015	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	36.41	13.26	29.4	80.7%	↓	-0.2%	↑	5.8%	24.7 - 48.4	15.10	30/Jun/15	AIMS
GRAMEEN1	30.02	11.47	22.4	74.6%	↓	-1.1%	↓	-0.9%	22 - 51.6	4.20	4/Sep/15	AIMS
GRAMEENS2	18.35	10.78	11.5	62.7%	↓	-1.2%	↓	-4.2%	11.2 - 19	2.46	2/Sep/23	AIMS
RELIANCE1	12.28	11.27	6.6	53.7%	↓	-1.1%	↓	-5.7%	6.5 - 10.3	0.64	7/Jul/21	AIMS
1STICB	1534.19	229.23	1170.0	76.3%	↑	1.2%	↑	4.0%	841 - 1184	1.26	31/Mar/15	ICB
2NDICB	289.99	100.31	257.1	88.7%	↓	-1.7%	↓	-7.5%	235.7 - 329	0.03	30/Jun/15	ICB
3RDICB	325.6	69.39	232.0	71.3%	↑	1.0%	↓	-1.7%	188 - 251	0.03	30/Sep/15	ICB
4THICB	279.56	77.71	204.0	73.0%	↓	-1.5%	↓	-2.4%	185.9 - 235	0.03	31/Dec/15	ICB
5THICB	241.35	58.64	189.3	78.4%	↓	-2.2%	↓	-0.4%	140 - 205	0.03	31/Mar/16	ICB
6THICB	58.99	27.01	56.2	95.3%	↓	-3.0%	↑	0.2%	49.8 - 72.4	0.25	30/Jun/16	ICB
7THICB	104.34	38.68	91.0	87.2%	↓	-3.8%	↓	-1.0%	80 - 105	0.06	30/Sep/16	ICB
8THICB	70.43	33.24	65.1	92.4%	↓	-3.0%	↑	1.6%	52.1 - 75	0.10	31/Dec/16	ICB
1STPRIMFMF	11.12	16.81	15.1	135.8%	↓	-4.0%	↓	-9.0%	14.5 - 26.5	1.87	17/Mar/16	ICB AMCL
ICB1STNRB	23.93	33.66	19.9	83.2%	↓	-3.8%	↓	-5.2%	19.2 - 31.9	0.46	28/Mar/17	ICB AMCL
ICB2NDNRB	10.67	14.75	7.9	74.0%	↓	-4.1%	↑	1.3%	7.7 - 12	0.53	27/Jul/18	ICB AMCL
ICB3RDNRB	7.52	11.23	4.3	57.2%	↓	-3.8%	👉	0.0%	4.2 - 6.4	0.71	24/May/20	ICB AMCL
ICBAMCL2ND	8.49	13.02	4.5	53.0%	↓	-3.7%	↓	-4.3%	4.4 - 7.8	0.19	28/Oct/19	ICB AMCL
ICBEPMF1S1	7.96	11.59	4.4	55.3%	↓	-4.1%	↓	-2.2%	4.3 - 7.4	0.31	18/Jan/20	ICB AMCL
ICBSONALI1	9.7	10.91	6.4	66.0%	↓	-1.4%	↑	1.6%	6.1 - 10.5	0.19	12/Jun/23	ICB AMCL
IFILISLMF1	9.45	11.23	5.7	60.3%	↓	-2.5%	↑	3.6%	5 - 8	0.79	22/Nov/20	ICB AMCL
PF1STMF	7.68	11.36	5.3	69.0%	↓	-3.5%	↑	20.5%	4.3 - 7	0.74	9/May/20	ICB AMCL
PRIME1ICBA	8.16	11.52	4.4	53.9%	↓	-3.1%	↑	2.3%	4.3 - 6.9	0.13	2/Feb/20	ICB AMCL
AIBL1STIMF	9.99	10.78	4.7	47.0%	↓	-0.6%	↑	6.8%	4.4 - 9	0.29	10/Jan/21	LR Global
DBH1STMF	10	9.91	4.3	43.0%	↓	-0.2%	↓	-4.4%	4.3 - 7.2	0.48	7/Feb/20	LR Global
GREENDELMF	10.06	10.43	4.3	42.7%	↓	-0.5%	↓	-2.3%	4.2 - 6.8	0.53	28/Sep/20	LR Global
LRGLOBMF1	10.31	10.84	4.3	41.7%	↑	4.7%	↑	3.6%	4.2 - 8.2	1.31	19/Sep/21	LR Global
MBL1STMF	9.98	10.75	4.2	42.1%	↓	-0.6%	↓	-4.5%	4 - 8.9	0.81	8/Feb/21	LR Global
NCCBLMF1	10.45	11.05	5.4	51.7%	↓	-0.6%	↓	-3.6%	5.2 - 13	4.08	24/May/22	LR Global
1JANATAMF	10.66	11.15	5.1	47.8%	↑	0.9%	👉	0.0%	5 - 7.4	0.45	20/Sep/20	RACE
ABB1STMF	11.74	10.81	6.0	51.1%	↓	-0.3%	👉	0.0%	5.8 - 8.3	0.98	29/Jan/22	RACE
EBL1STMF	9.99	11.44	5.0	50.1%	↓	-1.2%	↓	-3.8%	5 - 7.9	0.43	19/Aug/19	RACE
EBLNRBMF	10.27	10.75	4.5	43.8%	↓	-0.9%	↓	-4.3%	4.1 - 8.7	0.48	23/May/21	RACE
EXIM1STMF	10.8	10.53	6.0	55.6%	↓	-0.1%	↓	-9.1%	5.9 - 9.3	0.00	16/Jul/23	RACE
FBFIF	10.74	10.54	6.5	60.5%	↓	-0.1%	↓	-4.4%	6.2 - 10	0.02	19/Mar/22	RACE
IFIC1STMF	10.69	11.06	4.9	45.8%	↑	0.1%	↓	-5.8%	4.8 - 7.9	0.66	1/Apr/20	RACE
PHPMF1	10.23	11.41	4.5	44.0%	↑	0.2%	↓	-2.2%	4.4 - 6.8	0.89	29/Nov/20	RACE
POPULAR1MF	10.87	11.42	4.8	44.2%	↑	0.5%	↓	-2.0%	4.7 - 7.1	1.45	19/Oct/20	RACE
TRUSTB1MF	10.59	10.76	5.1	48.2%	↓	-0.5%	↓	-3.8%	5 - 8.4	1.44	27/Jan/20	RACE
NLI1STMF	12.62	12.18	8.2	65.0%	↑	0.8%	↑	5.1%	6.7 - 10.3	0.95	27/Feb/22	VIPB
SEBL1STMF	12.31	11.72	7.6	61.7%	↑	0.8%	↑	2.7%	6.6 - 9.4	1.02	23/May/21	VIPB

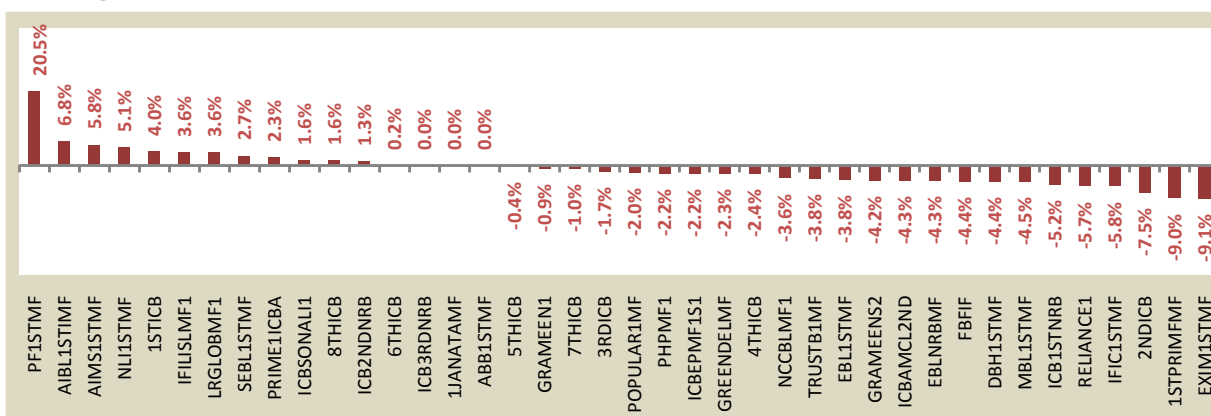
Source: DSE, ILSL Research

## MUTUAL FUND: MONTHLY UPDATE

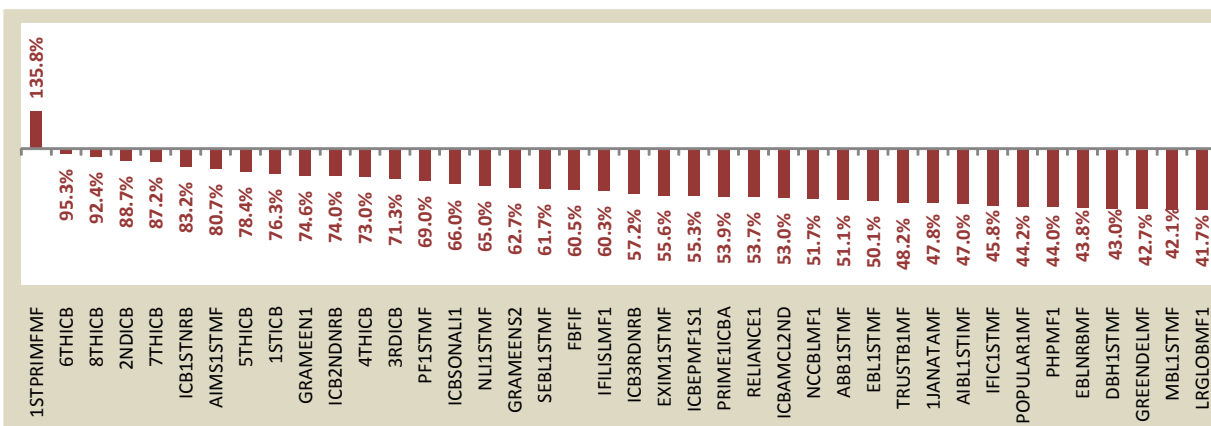
### Monthly Top 10 Analysis

Highest Return	% Change in NAV	Lowest Return	% Change in NAV	Turover Leader	Avg Turnover (BDT mn)
LRGLOBMF1	4.7%	ICB2NDNRB	-4.1%	AIMS1STMF	15.1
1STICB	1.2%	ICBEPMF1S1	-4.1%	GRAMEEN1	4.2
3RDICB	1.0%	1STPRIMFMF	-4.0%	NCCBLMF1	4.1
1JANATAMF	0.9%	ICB3RDNRB	-3.8%	GRAMEENS2	2.5
SEBL1STMF	0.8%	ICB1STNRB	-3.8%	1STPRIMFMF	1.9
NLI1STMF	0.8%	7THICB	-3.8%	POPULAR1MF	1.4
POPULAR1MF	0.5%	ICBAMCL2ND	-3.7%	TRUSTB1MF	1.4
PHPMF1	0.2%	PF1STMF	-3.5%	LRGLOBMF1	1.3
IFIC1STMF	0.1%	PRIME1ICBA	-3.1%	1STICB	1.3
EXIM1STMF	-0.1%	6THICB	-3.0%	SEBL1STMF	1.0

### 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	6,903	13.5%	-0.9%	1.92	3,140
ICB	3,223	6.3%	-0.9%	3.69	178
ICB AMCL	6,494	12.7%	-3.2%	0.73	7,150
LR Global	9,047	17.7%	1.3%	0.95	8,896
RACE	23,696	46.3%	-0.1%	0.98	22,181
VIPB	1,864	3.6%	0.8%	1.05	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 –

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

## Realizing Your Investment Dream

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

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

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## Business Newslash

### Economy

#### Remittance inflow increases to USD14.92b in 2014

New Age, January 06, 2015

The country's remittance inflow increased by 7.90% to USD 14.92 bn in the just-concluded year from USD 13.83 bn in 2013. After a disappointing year, the inflow of inward remittance registered a satisfactory growth in 2014 due to the central bank's initiative to bring the foreign currency through the legal channel, comparatively better political stability and increased trend in the price of US dollar against the taka. The inward remittance also increased by 3.96% to USD1.25 bn in December from USD1.21 bn in the same month of 2013.

#### Foreign exchange reserves hit new high

The Daily Star, January 8, 2015

Foreign currency reserves **reached a new high yesterday, hitting USD 22.46 bn** on the back of resurgence in exports in the past couple of months. Last month, exports raked in USD 2.84 bn, up 4.41% year-on-year, according to an official from the commerce ministry, whose sub-division Export Promotion Bureau logs in export data. Exports raked in USD 2.42 bn in November last year. December's figure takes the total export earnings in the first half of fiscal 2014-15 to USD 14.91 bn, a slight improvement of 1.56% over the previous year, the official added.

#### Inflation lowest in 25 months

The Daily Star, January 11, 2015

Inflation extended its downward trend in December, coming down to 6.11% -- the lowest in 25 months, mainly due to falling commodity prices on the global markets. Food inflation was the biggest driver behind the drop in the overall inflation last month, sliding to 5.86% from 6.44% in November. However, containing non-food inflation, which has been rising for a long time, will be a major challenge ahead. The non-food inflation went up to 6.48% in December from 5.84% a month ago, because of a rise in house rent, transportation costs, education and medical expenses and prices of other non-food items.

#### Sluggish export earnings well short of H1 target

New Age, January 11, 2015

The country's export earning growth slumped to 1.56% in the first half (H1) of the current fiscal year compared with the same period of the previous financial year when earnings grew by 16.56% YOY. The earnings in the H1 also remained 4.42% short of the government target of USD15.60 bn due to sluggish performance of the readymade garment sector, which the major export earning sector. The export earnings in July-December of the current FY 2014-2015 stood at USD14.91 bn against USD14.68 bn in the same period of FY 2013-14.

#### WB forecasts steady growth prospect for Bangladesh

Newage, January 15, 2015

Bangladesh's economy will **expand steadily in the next three years, with the growth of the gross domestic product rising to 7.0% in 2017**. The report, Global Economic Prospects 2015, released in Washington DC on Tuesday (early Wednesday in Bangladesh), projects that GDP growth in Bangladesh will be 6.2% this year, and it will maintain steady a pace to escalate at 6.5% in 2016 and 7.0% in 2017. The economic growth would be supported this year and afterwards by continued robust remittances and recovery in private consumption demand, but political stability would be vital to its sustainability.

#### Net investment in savings tools hits all-time high

Newage, January 26, 2015

The net investment in the **national savings certificates and bonds hit a new record at BDT 13,135.49 crore in the first six months of the current financial year 2014-15** as clients invested heavily in the savings tools due to low rates of interest on deposit products of the scheduled banks. Rising access liquidity amid sluggish business situation in the country has forced the banks to lower rates on their deposit products. The net investment in the savings instruments increased by 240.50% to BDT 13,135.49 crore in the July-December period of the FY15 from BDT 3,857.68 crore during the same period a financial year ago. The net investment in the NSCs crossed its annual target in just four months in this fiscal year as the figure stood at BDT 9,077.60 crore in October against the fiscal year's target of BDT 9,056 crore.

## Stock Market

### **BSEC approves same-scrip netting**

#### ***Brokers get another year for provisioning***

New Age, January 01, 2015

The capital market regulator on Wednesday allowed investors same scrip share netting and brokers another year to keep provision against unrealised losses. Investors will get scope of netting same shares a day under 'A', 'B', 'G' and 'N' categories, but the scope will not be applicable in trading 'Z' category shares. Under the new scope of same scrip netting, investors will get opportunity to buy a share immediately after sale of the scrip. The commission also allowed another year to the merchant banks and brokerage houses to keep provision against the unrealised losses the entities had incurred during the year 2011-2012 in five instalments within December 2015.

### **Foreign investors' turnover at DSE hits all-time high in 2014**

New Age, January 05, 2015

Foreign investors' participation at the Dhaka Stock Exchange **increased to an all-time high in 2014 as their turnover at the bourse rose by 84.56%** during the year compared with that in the previous year. In 2014, the overseas investors bought shares worth BDT 4,406 crore against their BDT 1,798 crore sales, which were BDT 2,652 crore and BDT 709 crore respectively in 2013. Foreign investors' turnover at the bourse was BDT 6,205 crore in last year compared with that of BDT 3,362 crore during 2013.

### **Large-cap firms perform better**

The Daily Star, January 11, 2015

All major sectors, except for banks, generated positive returns last year riding on the back of price gains in large cap companies. Cement, telecoms, food and allied, and pharma performed well for the gains in share prices of multinational companies. The cement sector generated the highest gain of 114.2% to stand at BDT 19,916.64 crore in terms of market capitalisation last year. In the local market, Lafarge's net profit in nine months grew 48.22% at the end of September 2014 backed by a 76.35% fall in financial costs. Grameenphone had performed well last year as the company's market share in terms of subscription increased to 42.44% in September 2014 from 41.6% in the same month a year ago. The pharma sector gained 43.8% last year. The sector was dominated by ACI, Renata, ACI Formulation, Square Pharma and Marico, which gained 173%, 70%, 62%, 56% and 47% respectively.

### **ICB set to release BDT 91.80c for 2,974 investors**

Newage, January 18, 2015

The Investment Corporation of Bangladesh is set to release BDT 91.80 crore for 2,974 investors from the BDT 900-crore government refinance scheme for the investors affected by the 2010 stock market crash once the central bank releases BDT 300 crore. The BB on August 26 in 2013 released BDT 300 crore to the ICB as the first tranche of the refinance scheme. The supervision committee in July last year issued a letter seeking BDT 300 crore as the second tranche of the BDT 900-crore refinance scheme after the disbursement of BDT 299.82 crore to around 11,000 affected investors.

## Bank

### **Large borrowers to get 15 years to repay default loans**

The Daily Star, January 22, 2015

Problematic large borrowers may get a maximum of 15 years to repay their default loans under the new restructuring policy of the central bank. Loans upwards of BDT 500 crore are set to come under the purview of the policy, which is likely to be approved at the Bangladesh Bank board meeting on January 27. For restructuring then, a minimum down payment, which would be one% of the loan amount, has to be paid. Under the policy, no loan can be restructured more than once.

### **Private banks' credit growth rebounds**

The Daily Star, January 25, 2015

Private banks saw a substantial increase in credit growth towards the end of last year, but the ongoing political turmoil might put a damper on that. Credit growth of private banks, whose share in the total credit comes to 69.90%, accelerated 16.53% year-on-year in November last year. Meanwhile, foreign banks saw a decline of 8.39% in credit growth in November. The sector's overall credit stood at BDT 690,045 crore, up 12.43% year-on-year. Between July and September, industrial term loans soared 44% year-on-year.

### **Banks further cut interest rates on deposits in Nov**

Newage, January 18, 2015

Scheduled banks in November further cut rates of interest on their deposit products due to rising excess liquidity in the banking sector amid lower loan disbursement in the industrial sector for dull business. The weighted average interest rate on deposit in the banking sector declined to 7.32% age points in November from 7.40% age points in October of 2014.

The scheduled banks had not changed their weighted average interest rate on lending as they registered the rate at 12.49% between November and October of 2014. Against the backdrop, the interest spread rate, the gap between the interest rates on credit and deposit, increased to 5.17%age points in November from 5.09%age points in October.

### Fuel and Power

#### Domestic LPG price witnesses fall

The Financial Express, January 07, 2015

Prices of 12 kg LPG (Liquefied Petroleum Gas) cylinder declined by BDT 50 to BDT 100 on per cylinder after continued price fall in the international market. The plant gate price of Bashundhara Gas was BDT 1,350 last month, which came down to BDT 1,250, but the price may go up by BDT 100 if transportation cost to consumers is counted. State-run Saudi Aramco cut its January contract price for propane to USD425 a tonne, down USD125 from the December level. Butane prices for January 2015 were also cut to USD470 a tonne, down by USD100 from December level of USD570.

#### Bangladesh-China power company okayed

Dhaka Tribune, January 20, 2015

The Cabinet has approved Bangladesh-China joint venture power company at a meeting yesterday presided over by Prime Minister Sheikh Hasina. The joint venture includes Bangladesh's North-West Power Generation Company Limited and China's National Machinery Import and Export Corporation. Bangladesh-China Power Company Private Ltd has already started setting up a coal-based 1320 megawatt power plant in Patuakhali. The project site will be on the bank of the Rabnabad River near Payra maritime port, while the project has an estimated cost of USD2bn. The joint venture company's share will have 50:50 equity ratio between the two companies, while the project will be implemented on a 30:70 equity-debt basis.

### Textile

#### Cotton use to grow 4% on higher demand

The Daily Star, January 8, 2015

Bangladesh's cotton consumption will rise 4.08% in fiscal 2015-16, riding on higher demand from local spinners and foreign investors in the textile sub-sector, according to the London-based Economist Intelligence Unit (EIU) forecasts. Consumption will increase to 1.02 mn tonnes despite poor safety standards, mainly due to a shift in investment in the textile sector from India and China. This is the first time that cotton consumption will cross the one mn tonn mark.

#### Envoy profit quadruples as clothing orders pour in

The Daily Star, January 22, 2015

#### Envoy Textiles' net profit rose more than four times to BDT 17.46 crore between October and December,

compared to the same period a year ago, as global retailers placed more orders with the company. Envoy will set up a new spinning unit which is expected to start production in June 2016. The company is putting in BDT 235 crore to set up the spinning unit in Bhaluka of Mymensingh, to become a full-fledged textile manufacturer. The unit will produce 17,500 tonnes of yarn a year, which is 30% higher than the company's own demand. Envoy, a leading denim maker in Bangladesh, currently uses 24,000 tonnes of yarn a year to make fabric, and it intends to sell the spinning unit's residual output. Envoy makes 48 mn yards of fabrics annually, and is a supplier of readymade garments to Wal-Mart, H&M, JC Penney, GAP, Carrefour, Zara and Next.

### Ceramic

#### RAK to raise 25% production by March

Dhaka Tribune, January 12, 2015

RAK Ceramics, one of world's largest makers of ceramic tiles and sanitary ware, **plans to increase its 25% sanitary ware production in Bangladesh by March this year.** Some USD 50mn earned from selling its Sudan business, which is in the process, and its stake in the pharmaceutical company RAK Pharma in Bangladesh, which was recently sold, will be invested in the UAE, India and Bangladesh. During the last month, the firm had sold its Pharmaceutical unit in Bangladesh to Gulf Pharmaceuticals Industries Julphar PJSC with a deal of USD9.5mn. The current production capacity for sanitary ware in Bangladesh is 1.2m pieces and will rise by 25% to 1.5m pieces from the first quarter of this year.

### Engineering

#### RSRM products to be used in constructing longest flyover in Chittagong

The Financial Express, January 12, 2015

Ratanpur Steel Re-Rolling Mills Ltd (RSRM) will supply 10,000 metric tonnes of MS deformed bar for construction of proposed 5.2 km flyover from Muradpur to Lalkhan Bazar in Chittagong. To this end, RSRM signed a deal with a Bangladesh-China joint venture company Max-Ranken JV, which earlier won the tender to build the flyover.



Max Automobile Products Ltd, a subsidiary of Max Group, and Chinese company 'Ranken' formed the joint venture (JV) with the share ratio of 60:40 targeting the construction of this flyover.

## Pharmaceutical

### **TRIPS extension for pharma sector: Bangladesh battles to get backing from peers as time runs out**

The Financial Express, January 5, 2015

The privilege under the WTO's special TRIPS (Trade-related Aspects of Intellectual Property Rights) that covers pharmaceutical products expires this year. The general transitional period for trade has already been extended till 2021 and it covers interests of most of the least-developed-country members of the World Trade Organization. But, experts say, it is difficult for Bangladesh to get the transitional period for pharmaceuticals extended under the special TRIPS since this is not a field of common interest of the club of world's poorer nations.

### **Beximco Pharma commences export to Australia**

The Financial Express, January 19, 2015

Country's leading pharma manufacturer Beximco Pharmaceuticals Ltd makes a foray into Australian pharma market with the launch of Pantoprazole, a drug for treating gastrointestinal disorder. This is for the first time pharmaceutical product from Bangladesh is being exported to Australia. It is worth mentioning that Beximco Pharmaceuticals Ltd. is a leading exporter of medicines in the country and its state-of-the-art manufacturing facilities have been certified by global regulatory authorities such as TGA Australia, AGES Austria (for European Union), Health Canada, ANVISA Brazil, INVIMA Colombia and TFDA (Taiwan), among others.

### **Beacon Pharma to invest BDT 290cr for expansion**

The Daily Star, January 28, 2015

Beacon Pharmaceuticals, a leading medicine exporter, will invest BDT 160 crore to set up a new unit to expand the production of anti-cancer drugs.

The company is putting in an additional BDT 130 crore to start two new units -- oral liquid and cephalosporin (antibiotics). The oral-liquid unit will begin production in July and the cephalosporin unit in December. The oncology unit will come on stream by the end of 2016 with an annual capacity of producing medicines worth BDT 250 crore. With the three new units, the company will have five units with a total capacity of producing medicines worth BDT 750 crore a year. Beacon, the first local anti-cancer medicine exporter, sells products to Sri Lanka, Myanmar, Nepal, the Philippines, Uzbekistan and Ghana.

### **Beximco Pharma secures USD51.6m from German bank**

The Daily Star, January 29, 2015

Beximco Pharmaceuticals will borrow about USD51.6 mn from Frankfurt-based BHF-Bank Aktiengesellschaft to expand its production. Beximco Pharma has also received approval from the Board of Investment of Bangladesh to raise the fund, which will be utilised to partially finance a new plant and machinery purchase. The loan will come at an interest rate of 2.25% a year in addition to Libor (London interbank offered rate), which is lower than the local interest rate. The loan will be guaranteed by Hamburg-based Euler Hermes, a German export credit agency.

## Telecommunication

### **BSCCL to cut wholesale bandwidth price by 33%**

Dhaka Tribune, January 12, 2015

The state-owned BSCCL has decided to reduce its wholesale price once again to compete with the price of the bandwidth being imported from India. BSCCL is going to cut the wholesale price of internet bandwidth by 20% to 33% in different slabs, second time within eight months. BSCCL has proposed 33.33% price cut in the bandwidth slab of 1900Mbps-2499Mbps, the lowest in the list. The proposal for the lowest slab from 50Mbps to 299 Mbps is BDT2,280, the current price of which is BDT2,850 per Mbps.

*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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- 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)
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