

ILCL-ILSL MONTHLY

Economy and Market Review

April : 2015 Issue : 20



Natural Gas Industry of Bangladesh



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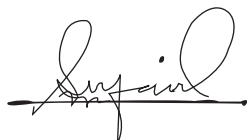
Editorial

Welcome to our April 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 includes a short note on **An Overview of IPO Market: A Recent Snapshot from Home and South Asia** and also covers **Natural Gas Industry of Bangladesh** with a snapshot over a 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

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April, 2015

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Economy Update

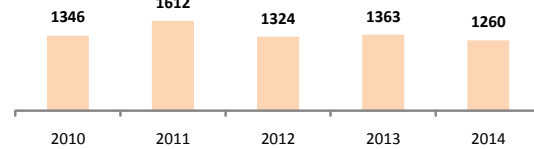
The International Monetary Fund (IMF) has projected the growth of Bangladesh to reach 7% and hold the second position in the list of 10 countries with GDP worth USD 100bn by the year 2019, with Iraq (9.2% growth) occupying the first place. Considering Bangladesh as one of the 14 countries among the frontier markets under the Low Income Developing Countries (LIDCs), IMF believes that the overall outlook is expected to be strong through better performance, structural reforms and critical business environment improvements. The UK based PwC projected Bangladesh to become the 29th largest economy in the world under the global GDP ranking at PPP terms by 2030 and 23rd largest by 2050, which is currently ranked at 31st position in the list. PwC also projected the investment rate of Bangladesh to be at 23.2%, with India having 23.7%, Philippines 25.5% and Malaysia with highest investment rate of 28.2% in the region by 2025. For the year 2014, the rates were 21.2%, 25.7%, 20.5%, and 28.2% respectively.

	GDP at PPP Ranking			Investment Rate (as % GDP)		
	2014	2030 (P)	2050(P)	2014	2025(P)	
Bangladesh	31	29	23	Bangladesh	21.2	23.2
India	3	3	2	India	25.7	23.7
Pakistan	25	22	15	Pakistan	16.2	17.2
Viet Nam	32	28	22	Viet Nam	20.1	25.1
Philippines	28	26	20	Philippines	20.5	25.5
Malaysia	27	24	24	Malaysia	28.2	28.2
Indonesia	9	5	4	Indonesia	26	23

Source : PwC and IL Capital Research

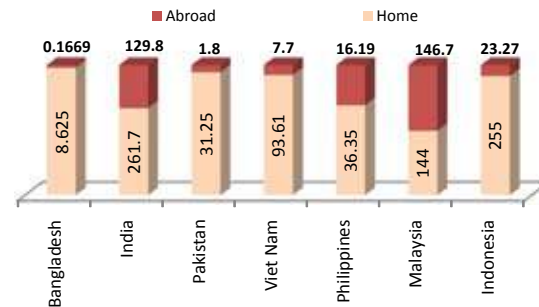
In their biannual Regional Economic Outlook for Asia and the Pacific report, the IMF has shown that the region's gross domestic product (GDP) growth will sustain at 5.6% in 2015. Asean countries (Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam, Brunei Darussalam, Cambodia, Indonesia and Lao PDR) account for about 5% of global manufacturing presently, according to McKinsey. Global foreign direct inflows into Asean's largest countries amounted to USD 128.4bn in 2013, according to Bank of America Merrill Lynch. A lot of production in China has moved into Vietnam, Thailand and Indonesia. Global investment is migrating from the west to the east. The growth in South Asia will continue with accelerating domestic consumption fueled by healthy labor markets, low interest rates and the recent fall in oil prices. Southeast Asia has the appropriate fundamentals to be a major market for investors. After a period of cooling down because of fluctuating currencies and oil price along with political instability, the region's growth story is very convincing.

Estimated Global FDI inflow (USD bn)



Source: UNCTAD and IL Capital Research

Stock of Direct Foreign Investment 2014 (USD Bn)

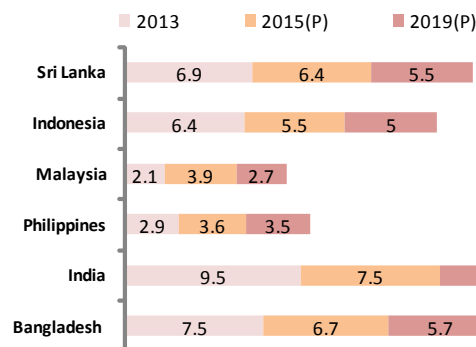


Source: CIA and IL Capital Research

Bangladesh has maintained a GDP growth rate of 6-7% for a decade. With inflation remaining below 7%, strong foreign exchange reserve, stable exchange rate, bank lending rates on down trend and the overall balance of payment being positive, it indicates to be a bright position in the region. Along with infrastructural developments in power generation, robust manufacturing industries and recent development plans with foreign partnerships in establishing deep sea port and nuclear power plants, Bangladesh has nailed its position in the list of lucrative country to invest.

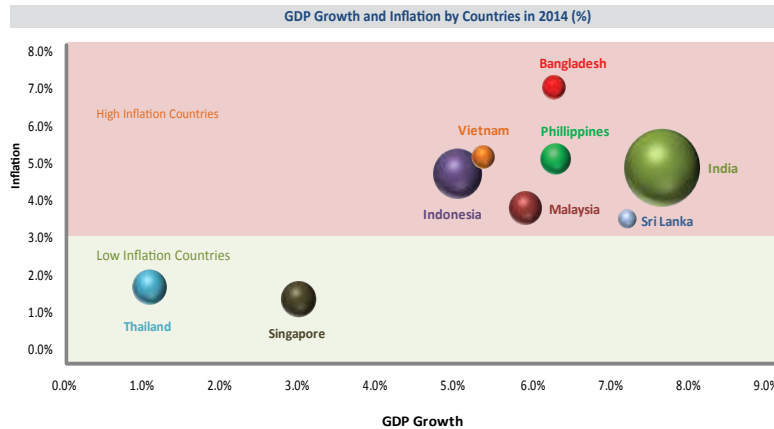
In comparison with other South Asian countries, Bangladesh consumption rate remained higher than others and is projected to continue in the trend for the upcoming years. This only indicates that the households of Bangladesh can increase their real consumption based on income alone, which implies further GDP growth for the country.

Consumer Price (annual % change)

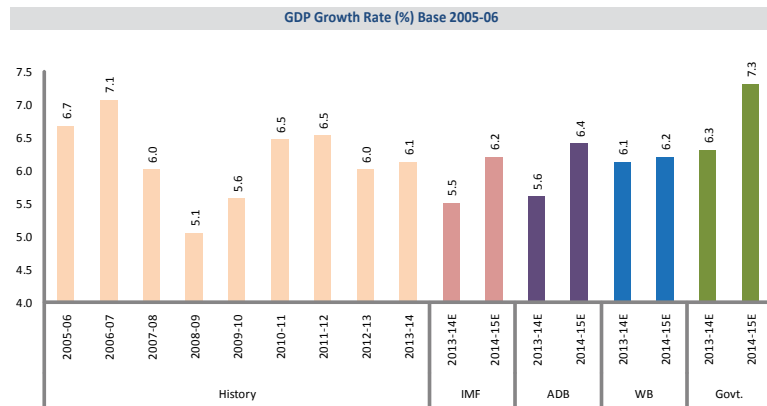


Source :IMF and IL Capital Research

GDP:

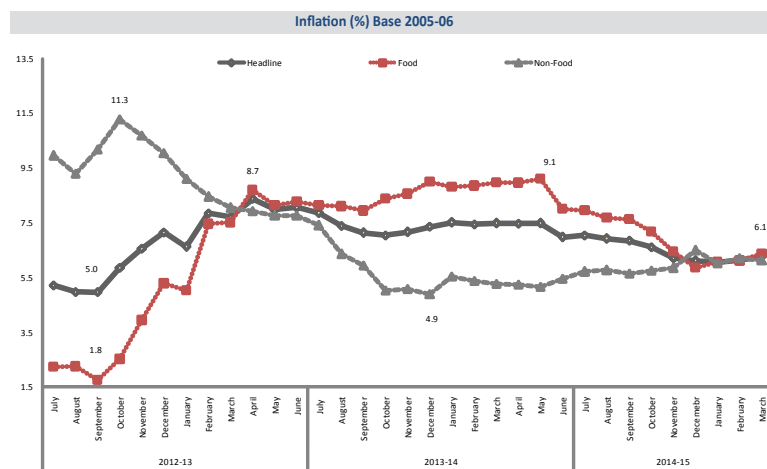


In the South Asian region, China and India are contributing the largest global output volume which strongly indicates their robust economic growth conditions. The United Nation forecasts that the economic growth in South Asia is aiming to rise up from an estimated 4.9% in FY2014 to 5.4% in FY2015 and will approach 5.7% in FY2016. Moreover, with the international oil prices declining, the inflation pressure has come to an ease across the region, which supports further accelerating economic outlook for the upcoming periods.



Bangladesh is expected to position itself among the top ten countries in terms of economic growth. The IMF has projected that Bangladesh will be the second in the list of highest growth countries in the world in FY2019 with 7% growth rate while Iraq will at the top of the list with 9.2% growth. The report only includes countries with a GDP worth over USD 100 billion. Bangladesh is expected to maintain a steady growth of over 6% rate, growing to 6.5% in FY2015 and then accelerating to 7% between FY2017 and FY2019.

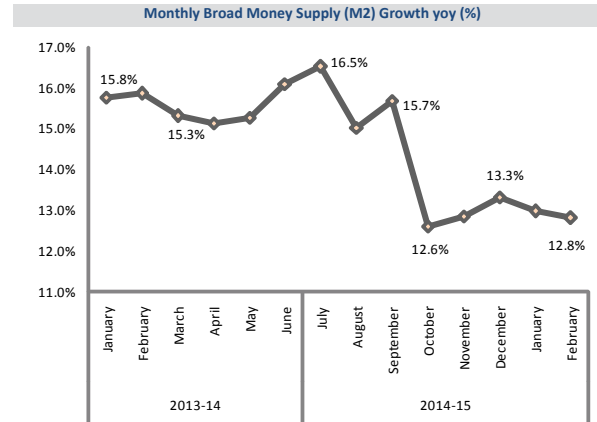
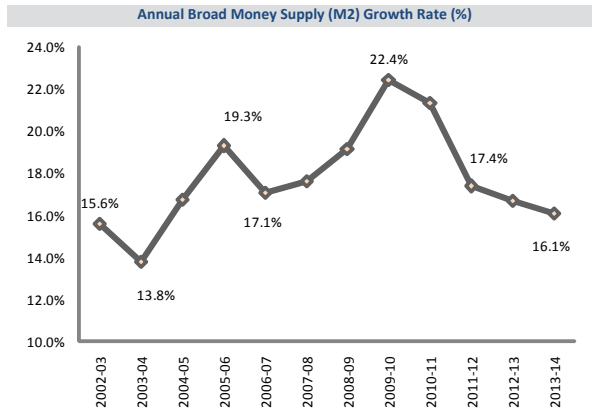
Inflation:



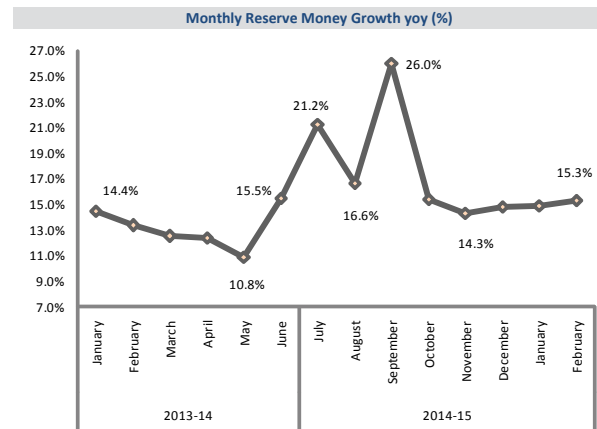
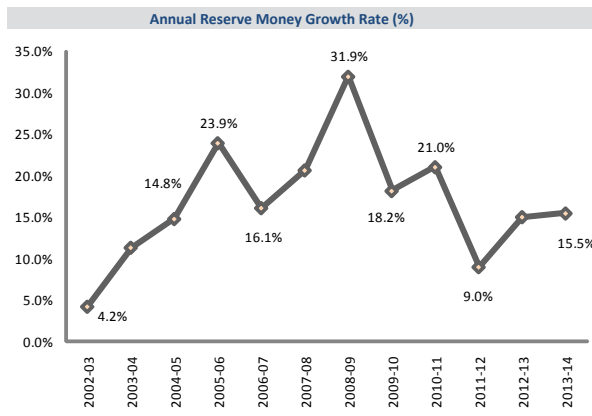
The country's Point-to-Point inflation witnessed a rise and reached to 6.27% in the month of March from 6.14% in the previous month of February. Due to recent political situation, communication disruption in the supply chain has increased the cost of food products, which got reflected in the surging food inflation, standing at 6.73% in the month of March from 6.11% in the February. Besides, the non-food inflation decreased to 6.12% in March as against 6.20% in the previous month of February. However, the Y-o-Y comparison indicates that the general Point-to-Point inflation along with the food inflation have both decelerated from the past year, while the non-food inflation has surged.

Source: Bangladesh Bank and IL Capital

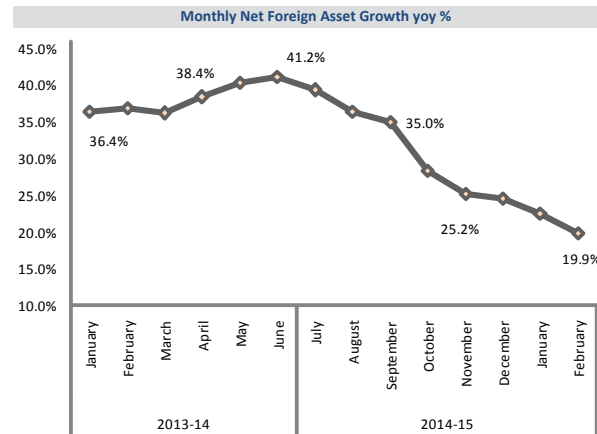
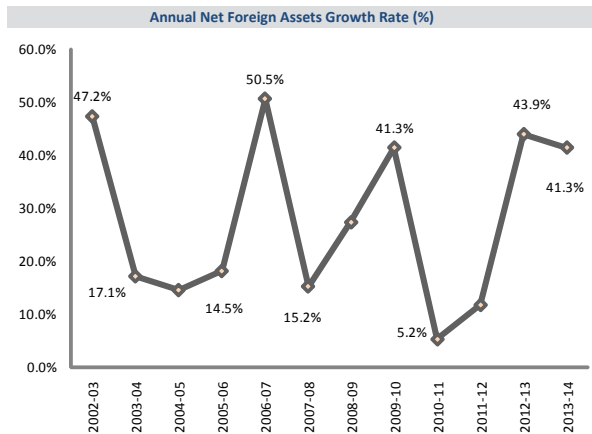
Money Supply:



The broad money growth rate in the economy kept declining from 13.35% to 12.79% for the period of December to February FY2014-15. For the period the public sector credit growth had decreased significantly which affected the money-supply growth.



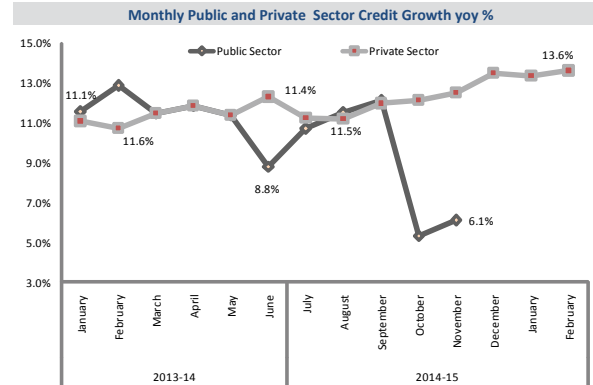
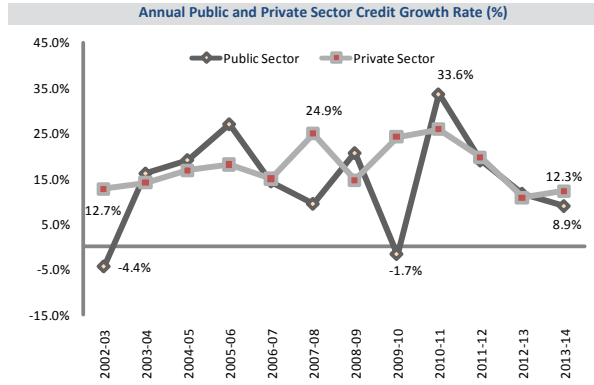
Moreover, a surge in the sales of the national saving certificate is also expected to be a reason for the decline in money supply. It was recorded that the net sales of saving certificates amounted to BDT 131.35 billion in the six months of the FY2015, significantly up from the target of BDT 90.56 billion.



Although the USD BDT exchange rate remain relatively stable, the monthly net foreign asset has noticed a gradual deceleration from 39.29% growth in July to 19.9% in the month of February FY2014-2015.

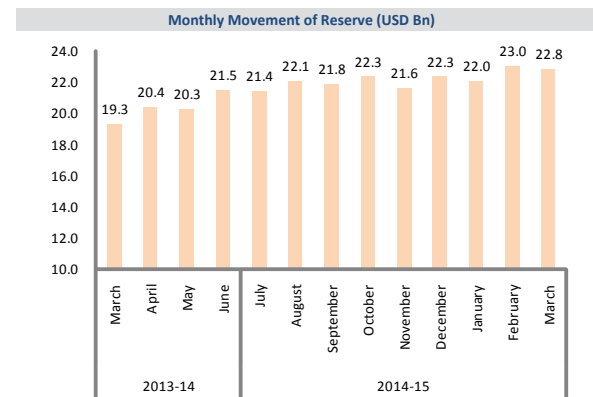
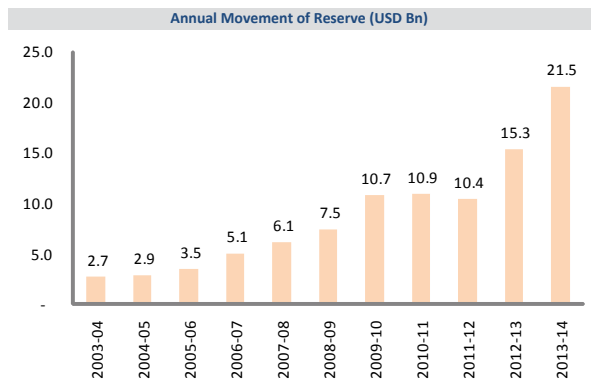
Source: Bangladesh Bank and IL Capital

Money Supply (Continued):



February FY2015 has noticed a slight increase in the private sector credit growth with 13.6% growth from 13.3% in January FY2015, which also was a 17.2% rise on a Y-o-Y basis. This may indicate that the investors are optimistic about investment and gradually are involving with more investment activities. From the current condition the growth looks broadly stable and the outlook indicates that the growth rate could accelerate on the back of political easing.

Reserve:

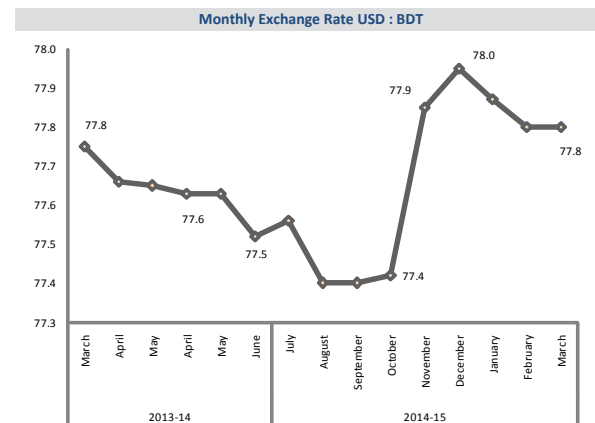
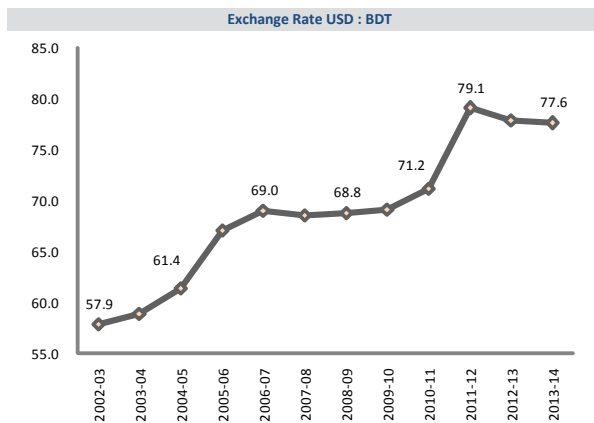


The country's foreign exchange reserve has crossed USD 22bn in March and with stable remittance inflow, it is expected to cross USD 24bn by April FY2015. The country is ranked second in the South Asian region in foreign exchange reserve, after India, which has a reserve of USD 339.99bn. This reserve is 43.8% of annual import for FY2013-14.

The reserves rose by more than USD 3bn in the last one year. The central bank data states that the reserves were USD 19.3bn March FY2014. The month to month drop in the reserves from USD 23bn in February FY2015 is expected to be associated with the clearance of import payments to Asian Clearing Union for the period of January to February by the central bank.

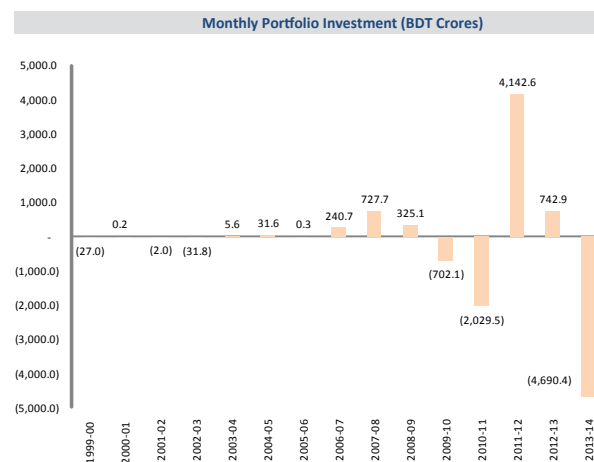
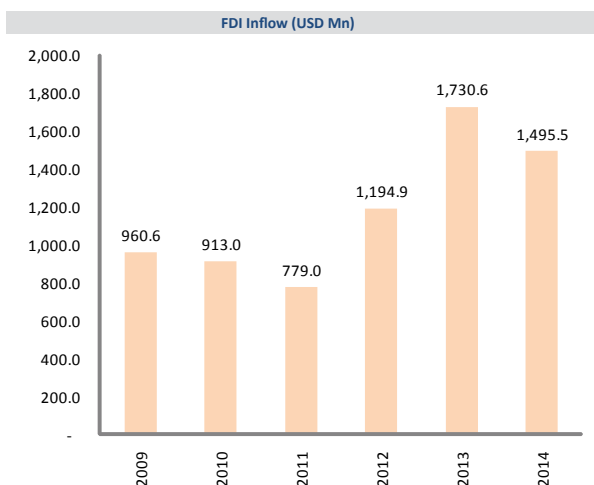
Source: Bangladesh Bank and IL Capital Research

Exchange Rate:



In the interbank money market, the USD was traded on an average of BDT 77.8, in the last two months. The central bank had been purchasing USD, initiating the current fiscal year purchase of USD 2.9bn in July and recently purchasing around USD 20mn. The Treasury department of the Bangladesh Bank is expected to continue the procurement of dollars to maintain a positive tendency of the overall economic outlook.

FDI Inflow and Portfolio Investment:

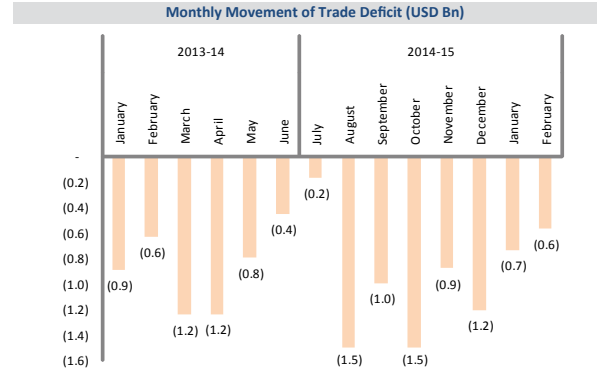
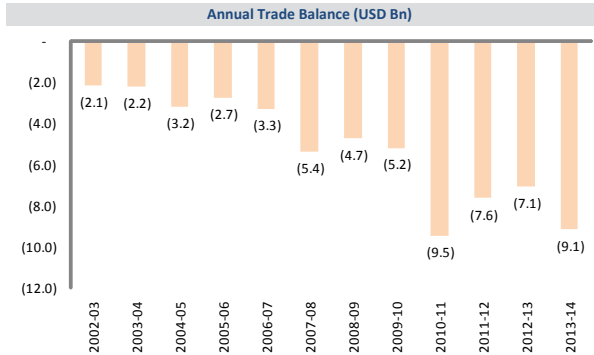


According to Dhaka Stock Exchange, share selling by foreign investors surged due to unstable capital market conditions. The foreign investors had sold BDT 351.91 crore shares against buying BDT 319.61 crore in recent period. It is thought that substantially low recorded earnings from the financial sector have provoked the situation. Experts state that the volatility in the stock market is due to the political instability which is anticipated to ease up in the near future and bring back liquidity in the market.

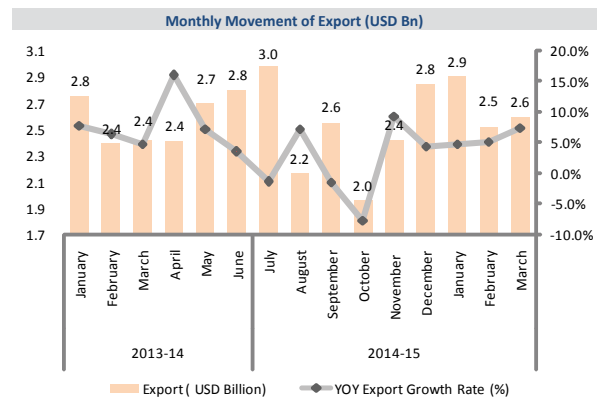
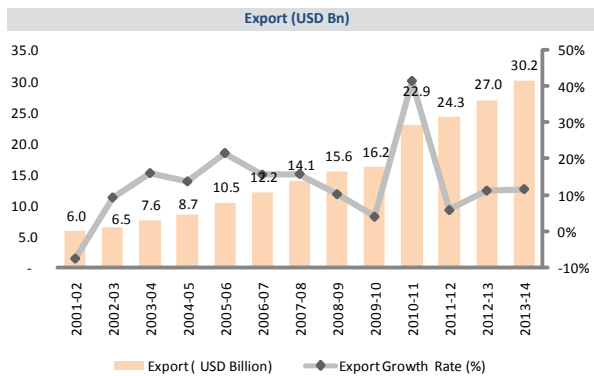
Recently, the capital market leaders have discussed their immediate future actions and have decided to focus on issues of market trends and the reasons behind the current volatility along with long-term policy.

Source: Bangladesh Bank and IL Capital Research.

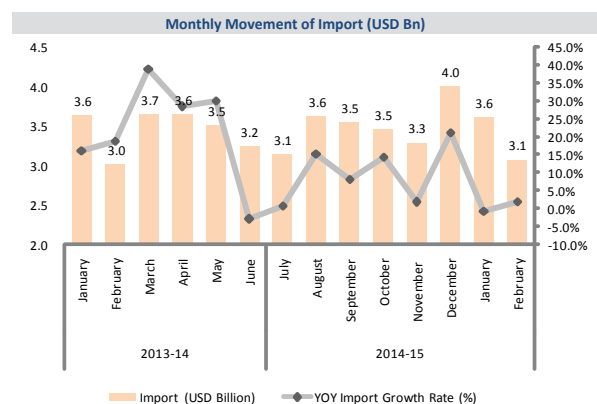
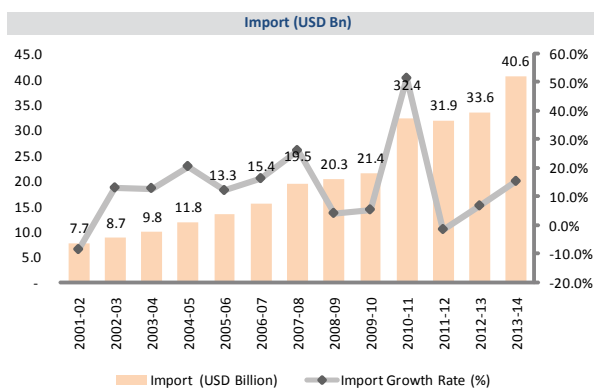
International Trade:



With strong export growth and falling import, the trade deficit is following a declining trend. In the export arena, the readymade garments export grew by 8.4% to USD 2bn in March despite political volatility. The government has set an export target of USD 26.9bn from the RMG sector for FY2014-15. To make the trade situation more amiable, Bangladesh and India have signed the final draft of a bilateral agreement on coastal shipping recently, to allow river vessels to travel between the two countries, and the final agreement is expected to be signed when the Indian Prime Minister makes his visit to Bangladesh.

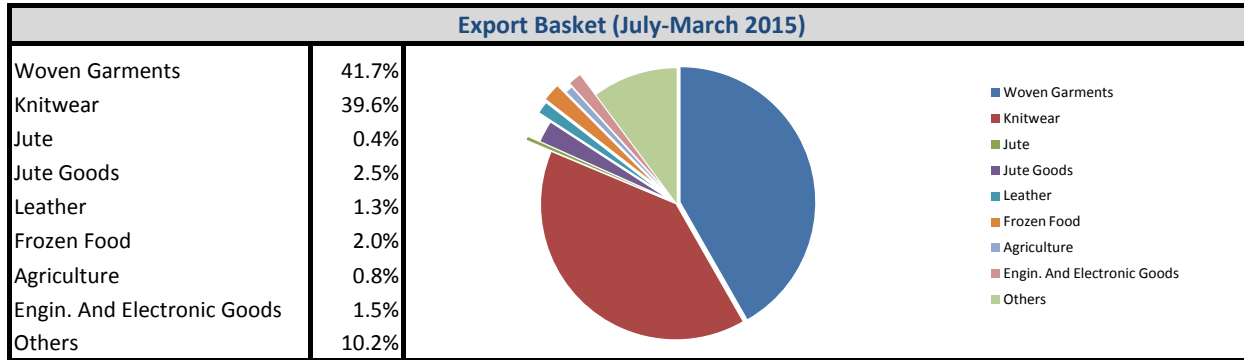


On the other hand, Bangladesh has pursued duty-free access for 17 additional products to China, to reduce trade imbalance between the two countries. According to the ministry of commerce, the trade deficit between China and Bangladesh was almost USD 5.9bn in FY2012-13. At present, Bangladesh has duty benefits for over 4500 products to China under the Asia-Pacific Trade Agreement. Moreover, China is the largest import destination for Bangladesh with products ranging from machineries, garments, chemicals and electrical equipment.

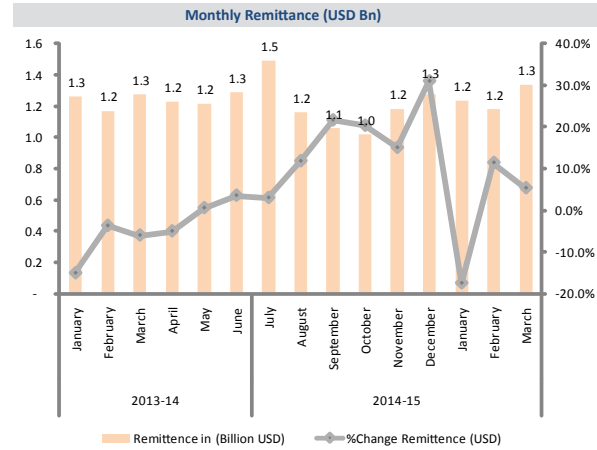
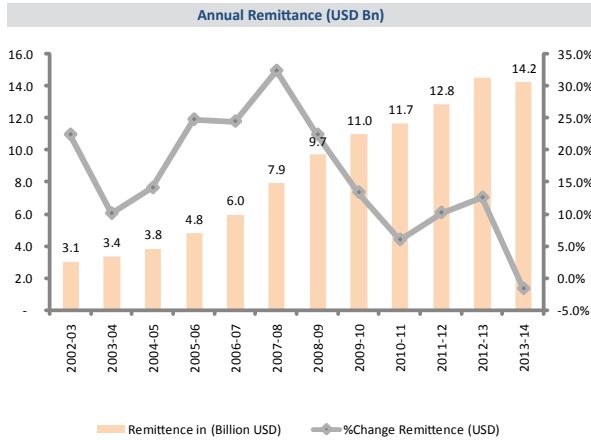


Source: Bangladesh Bank and IL Capital Research

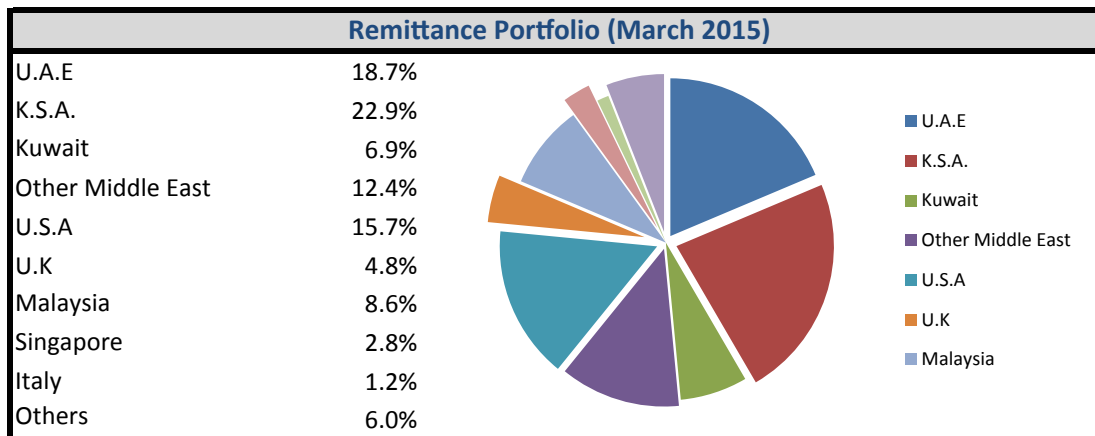
International Trade (Continued):



Remittance:

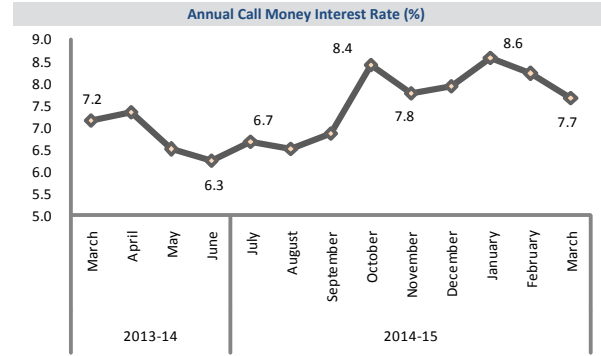
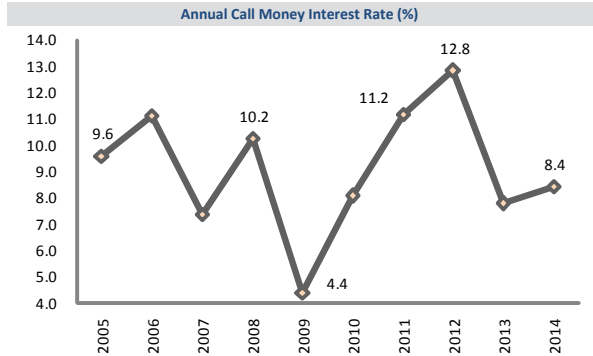


The inflow of remittance has surged by 7.6% in the first nine months of the FY2014-15. The central bank has reported that the country received remittance of USD 6.68bn in July to March of the FY2014-15 from the gulf countries. Since Saudi Arabia finally lifted the ban on the recruitment of Bangladeshi manpower in February 2015, more remittances is expected in the future period which will maintain the stability of BDT against USD.

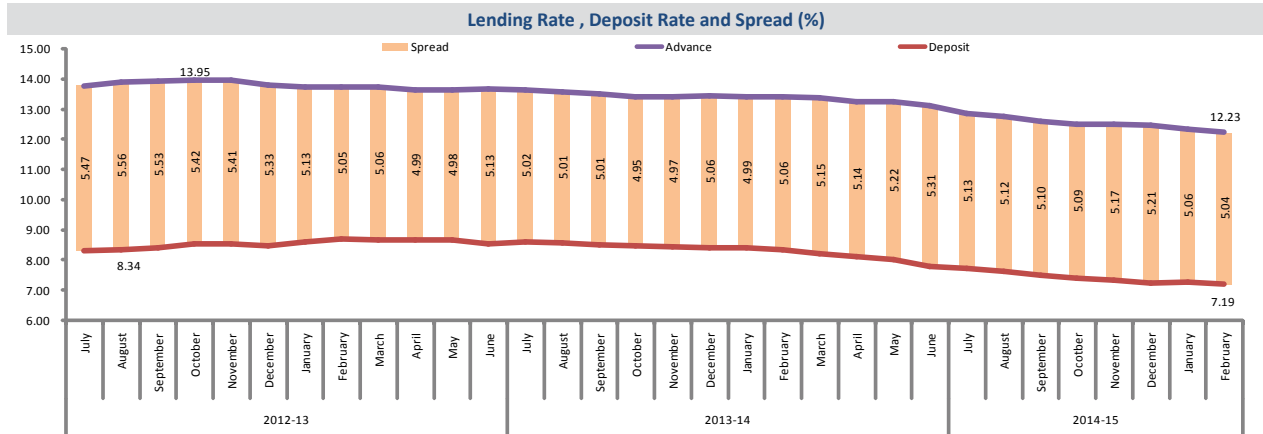


Source: Bangladesh Bank and IL Capital Research

Interest Rate (Continued):



The banking industry insiders are anticipating that the spread may fall below 5.0% in the near future due to excess liquidity with banks. The central bank has been strictly monitoring the banks and has been advising them to cut down their lending rates to attract clients and facilitate investment opportunities. According to Bangladesh Bank, the spread has been only maintained by 20 banks out of 56 banks and range between 5.0% to 10.29%.



Source: Bangladesh Bank and IL Capital Research



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An Overview of IPO Market: A Recent Snapshot from Home and South Asia

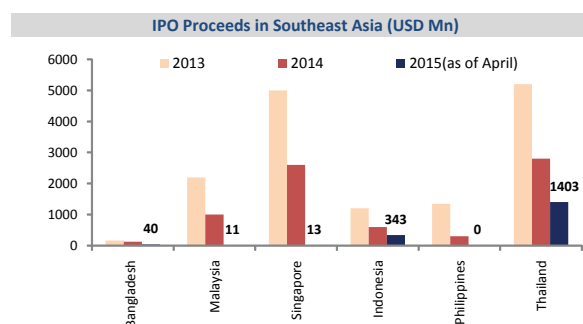
Although the DSEX suffered a loss in the last few months and even had nosedived towards DSEX 4200 level in the previous month of March 2015, the current month market movement is indicating some shake ups and has already started to shoot up the index chart. The institutional investors have recently decided to play an active role to motivate the investors and assured them to gain back their level of confidence in the market.

The Financial and Reporting Act which is soon to be approved by the parliament may also boost up investor's confidence in the near future. The market, although currently facing transparency issues, the related associations and regulators are constantly focusing on incorporating measures that will benefit the investors and gain their confidence to uphold a stable market.

The number of new beneficiary owner (BO) accounts is on the rise in recent months although the market was undergoing trouble time. It was gathered that almost 87,782 new BO accounts were opened in the first four months in 2015, making the total number of active BO accounts reach 32, 23,834 on April 30, according to CDBL. The rise in BO accounts is associated with the rise in initial public offering (IPO) in recent months. Already in FY2014-15, five new companies have raised funds through IPO. Approximately 21 companies have had gone through the IPO process in the past fiscal year. The IPO trend indicates that the companies in the market are set to mobilize funds, which will eventually help develop a bullish market trend.

Considering the region, it can be concluded that most robust equity returns in Asia have come from the south region in the year 2014. Indices in India, Indonesia, the Philippines, and Thailand were up by 20%, while Japan's benchmark Nikkei 225 index was down 2.5%, and the MSCI Korea index was down 0.4%. Stocks in China and Taiwan have raised by 9% and 6.8% respectively. The rising stock price, slower economic growth and shifting of investments, are making the other smaller markets in the Southeast Asia more attractive to foreign investors.

There is a mixed picture of IPO and stock valuation in the region. Global experts suggest that the Southeast Asian countries can achieve a bullish market if economic conditions are maintained to perform in the current growth rates and if the fundamental stock prices remain less expensive for the investors.



Source: IL Capital Research

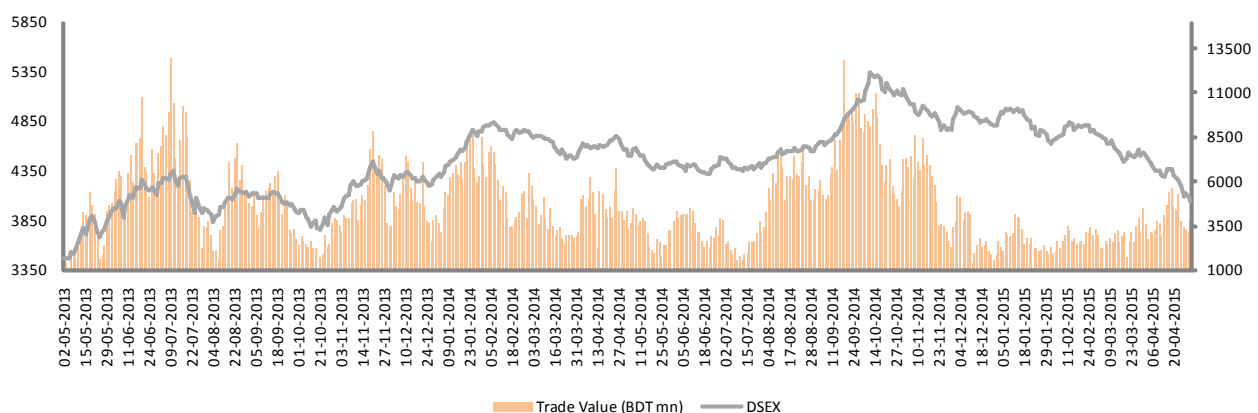
In the South Asian region, majority of the countries IPOs have comparatively slowed down very recently. Singapore has IPO proceeds totaling USD 12.5 million this year, which was USD 2.56 billion last year. The attraction over the market is thought to have lessened after the decline in liquidity due to penny stocks scandal in 2013. On the other hand, in Malaysia the IPO proceeds amounted to USD 10.9 million, which was only a 1% rise from its previous year. Malaysia is one of Asia's largest petroleum exporters. A drop in the fuel price actually made foreign investors sell Malaysian equities which dampened the country's market conditions. An almost similar state is residing in Philippines, where there have not been any IPO proceeds for the current year. Thailand in contrast has rising IPO deals and in its long-term projections, the country plans to incorporate relaxed rules to promote itself as a fundraising center for companies in neighboring countries such as Cambodia and Laos.

Drawing back focus on the Bangladesh market, one can observe the demand for IPOs through the amount of over subscriptions rate. With the initiatives from the regulators encouraging more liberalization but strict monitoring system and with few blue-chip IPOs that are coming to be listed soon (Banglalink, Robi Axiata), the country's stock exchange indeed dictates a bullish trend in near future.

MARKET UPDATE:

- The benchmark index of Dhaka Stock Exchange (DSEX) was down by 10.7% in April 2015 and 16.8% Year-to-Date.
- During the month of April 2015, Market (DSEX) closed down mainly driven by the down-trend in share prices of Life Insurance, NBFIs, General Insurance, Tannery & Footwear and Fuel & Power.
- The major sectors that set backed during the month of April 2015 were Life Insurance (-23.7%), NBFIs (-21.6%) and General Insurance (-15.4%).
- On the other hand, the major gainer sector was Ceramics (2.7%) in April 2015.
- Among the companies traded in the Dhaka Stock Exchange (DSE), Gemini Sea Food (34.3%), Ifad Autos Limited (20.1%) and International Leasing & Financial Services Limited (9.1%) were the top gainers in April 2015.
- On the other hand, major loser companies were Rangpur Dairy & Food Products Ltd. (-50.3%), Jute Spinners (-37.2%) and Phoenix Finance and Investments Ltd. (-34.6%) in April 2015.
- During the month of April 2015 the average daily turnover in the public market of Dhaka Stock Exchange was up by 14.7% to BDT 3.26 bn from BDT 2.84 bn in March 2015.
- Average daily turnover of Travel & Leisure sector increased by 281.3% followed by Ceramics (90.2%), Real Estate & services (55.2%), Pharma & Chemicals (37.3%) and Fuel & Power (29.7%) in April 2015 than that of March 2015.
- However, average daily turnover of Cements, Banks, Mutual Funds, Tannery & Footwear and Telecommunication sectors declined by 45.7%, 33.5%, 27.2%, 21.6% and 15.1% respectively in the same period.
- There are sectors that have outperformed DSEX Year-To-Date namely Foods by 27.2%, Pharma & Chemicals by 14.1% and Tannery & Footwear by 6.8% as of April 30th 2015.
- On the other hand, Travel & Leisure, NBFIs and Insurances have underperformed DSEX Year-To-Date as of April 30th 2015 by 15.0%, 13.7% and 11.3% respectively.
- Market capitalization of DSE decreased by 10.2% to BDT 2.34 trillion (USD 30.05 billion) as of April 30th 2015 from BDT 2.60 trillion (USD 33.48 billion) in March 31st 2015.
- Two securities were listed in DSE in April 2015, which are: Bangladesh Steel Re-Rolling Mills and United Power Generation & Distribution Company under Engineering and Fuel & Power sector respectively.

DSEX and Turnover movement in DSE



Sources: DSE and IL Capital Research

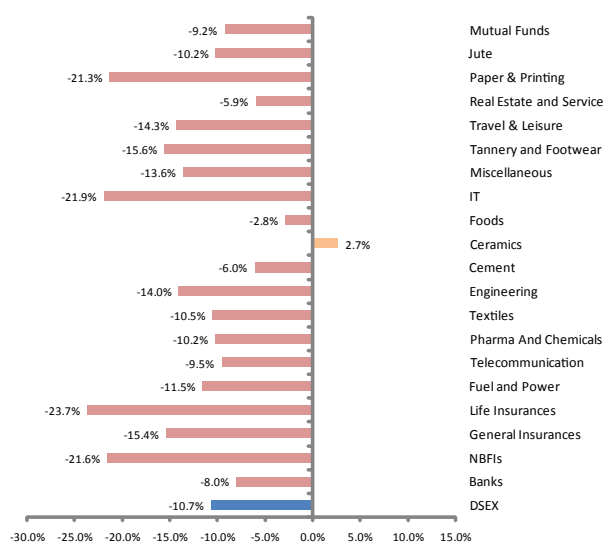
Market Capitalization of DSE

Instruments	30-Apr-15			31-Mar-15			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,311,997.1	29,736.3	98.9%	2,576,146.0	33,133.7	99.0%	-10.3%
Mutual Fund	24,712.0	317.8	1.1%	27,221.6	350.1	1.0%	-9.2%
Total	2,336,709.1	30,054.1	100.0%	2,603,367.7	33,483.8	100.0%	-10.2%

Note: Exchange Rate USD 1 : BDT 77.75

Source: DSE and IL Capital Research

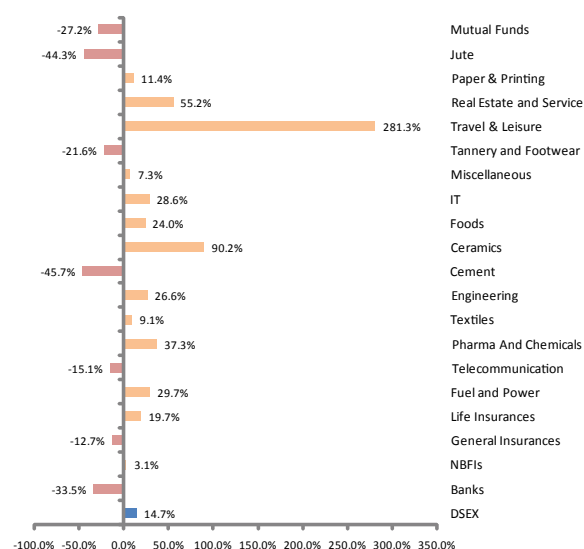
DSEX and Sectors Movement in DSE (Monthly)



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

Source: DSE and IL Capital Research

Average Turnover Movement in DSE (Monthly)



Note: Average Turnover excludes Block and Oddlot Market transaction

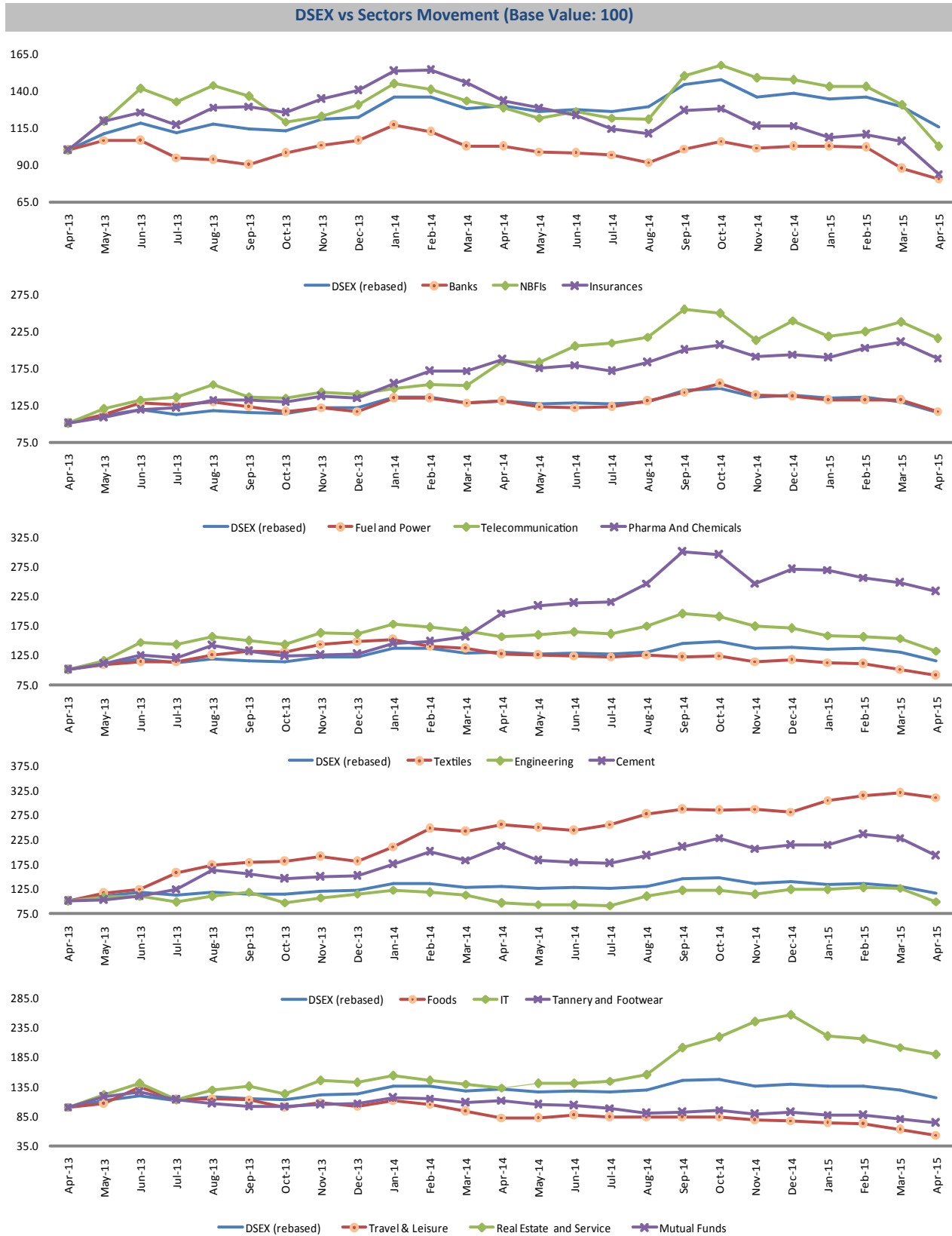
Top Gainers This Month

1 GEMINISEA	34.3%
2 IFADAUTOS	20.1%
3 ILFSL	9.1%
4 MHSML	8.4%
5 ACIFORMULA	8.1%
6 RAKCERAMIC	7.4%
7 SAIFPOWER	5.9%
8 NORTHERN	4.7%
9 TUNGHAI	3.9%
10 BANKASIA	3.0%

Source: DSE and IL Capital Research

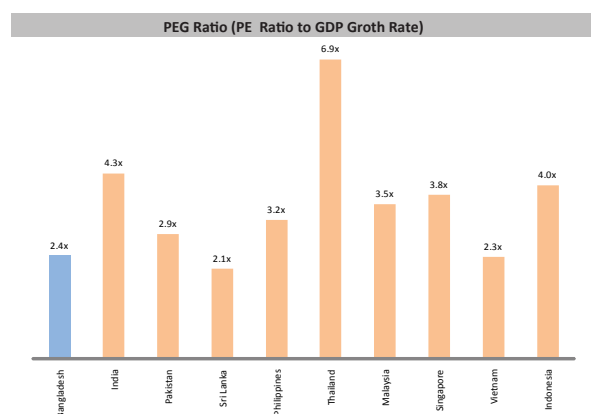
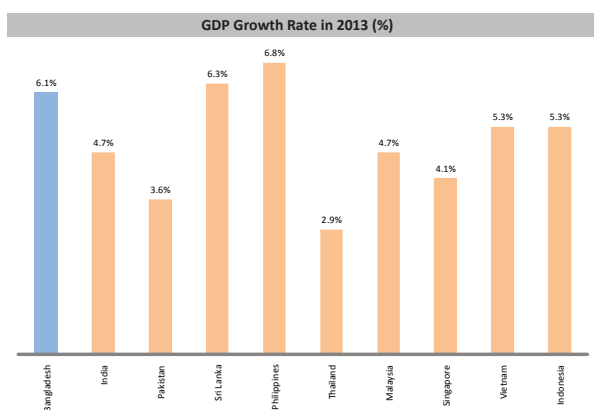
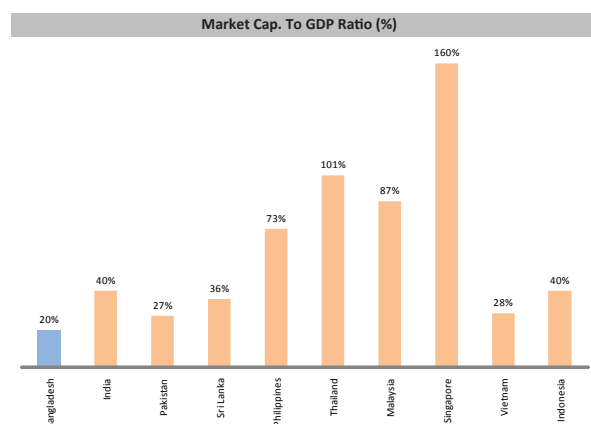
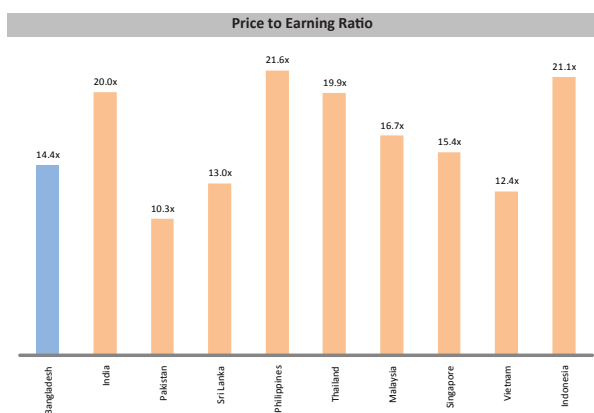
Top Losers This Month

1 RDFOOD	-50.3%
2 JUTESPINN	-37.2%
3 PHOENIXFIN	-34.6%
4 PRIMELIFE	-33.3%
5 RAHIMAFODD	-32.8%
6 MEGHNACEM	-32.2%
7 GOLDENSON	-31.8%
8 FAREASTFIN	-31.2%
9 NTLTUBES	-30.2%
10 POPULARLIF	-29.9%



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





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

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

- As on April 30th 2015, Bangladesh (DSE) is trading at 14.4x PE, which is lower than that of Philippine (21.6x), India (20.0x) and Indonesia (21.1x). However, Bangladesh (DSE) is trading higher than that of Pakistan (10.3x), Sri Lanka (13.0x) and Vietnam (12.4x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on April 2015 is 2.4x which is lower than that of Singapore (3.8x), Malaysia (3.5x), Indonesia (4.0x) and India (4.3x). However, it is higher than that of Srilanka (2.1x) and Vietnam (2.3x).

Regional Market Comparables							
Country	Index Symbol	Index Point	52-Week Low	52-Week High	PE Ratio	PEG Ratio	M. Cap (USD bn)
Bangladesh	DSEX	4,047	4.02K	5.37K	14.4x	2.4x	30.1
India	SENSEX	26,925	22.28K	30.02K	20.0x	4.3x	704.6
Pakistan	KSE100	33,510	27.35K	35.06K	10.3x	2.9x	63.7
Sri Lanka	CSEALL	7,185	6.19K	7.67K	13.0x	2.1x	23.1
Philippines	PCOMP	7,715	6.64K	8.14K	21.6x	3.2x	198.0
Thailand	SET	1,525	1.37K	1.62K	19.9x	6.9x	428.1
Malaysia	FBMKLCI	1,825	1.67K	1.90K	16.7x	3.5x	296.8
Singapore	FSSTI	3,475	3.15K	3.55K	15.4x	3.8x	431.7
Vietnam	VNINDEX	565	0.51K	0.64K	12.4x	2.3x	47.9
Indonesia	JCI	5,095	4.82K	5.52K	21.1x	4.0x	345.8

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

We Dig Through The Bottom...



ILSL Research

Dedicated and Qualified Research Team

Uphold Professional and Ethical Manner

Ensure Loyalty and Fair Dealing to Clients

Conduct Investors' Awareness Program on Regular Basis

Exercise Diligence, Independence and Thoroughness in Analysis

NATURAL GAS INDUSTRY OF BANGLADESH

Bangladesh has a long history of utilizing natural gas. Back in 1962 the first gas field of the Country was discovered on the bank of the Titas River in Brahmanbaria. Since then natural gas is playing a significant role for the Country's socio-economic development. After independence, considering the economic impact of this sector the Government has ensured control over energy sector.

In 1980s, the Country's exploration activities got momentum. During that time 12 exploration wells were drilled and 7 gas fields were discovered. With time, several policies e.g., National Energy Policy, Production Sharing Agreement (PSA) etc. were endorsed and eventually the sector become more structured. At present, Bangladesh Oil Gas and Minerals Corporation short named 'Petrobangla' operates oil and gas exploration, development, transmission, distribution and conversion along with development and marketing of minerals.

Present Natural Gas Reserve

Natural Gas reserve indicates those volumes of gas which are recoverable economically in the future using commercial methods and government regulations. Reservoir and Data Management Division of Petrobangla classifies reserves into three categories –

- 1. Proved reserves (1P)** can be estimated with reasonable certainty to be commercially recoverable in the future from known reservoirs and under current economic conditions, operating methods and government regulations. **Probability of recovery should be at least 90% or more in this case.**
- 2. Probable reserves (2P)** are those unproved reserves that geologic and engineering data suggest are likely than not to be recoverable. **Probability of recovery should be at least 50% or more** of the sum of the estimated proved plus probable reserves.
- 3. Possible reserves (3P)** are those unproved reserves that geologic and engineering data suggest are less likely to be recoverable than probable reserves. **Probability of recovery should be at least 10% or more** of the sum of the estimated proved plus probable plus possible reserves.

The Country has discovered several gas fields of which some are currently producing, some are non-producing and production of some fields are suspended. According to Petrobangla's estimation, the natural gas reserves scenario are as follows –

Particulars	(in Trillion Cubic Feet)			Total
	Producing	Non-Producing	Production Suspended	
Total Gas Initially in Place (GIIP)	36.51	0.10	1.30	37.91
Proved (1P) Reserve	20.15	0.06	0.44	20.65
Proved + Probable (2P) Reserve	26.32	0.10	0.65	27.07
Proved + Probable + Possible (3P) Reserve	30.21	0.08	0.95	31.24
Cumulative Production (30-06-2014)	12.02	0.00	0.11	12.13
Remaining Reserve (01-07-2014)	14.30	0.10	0.54	14.94

Source: Reservoir & Data Management Division, Petrobangla & ILSL Research

Functions of Petrobangla

As an apex body of the Country's natural gas sector, Petrobangla involves on every aspect of the industry through its several subsidiary companies. Petrobangla, through its subsidiaries, conducts geological and geophysical exploration by its own crew, drills exploration and development wells by its own rig or by hired contractors, processes the raw gas to pipe line specification, transport the processed gas through an increasing network of high-pressure transmission lines and distributes gas to the customers. Moreover, extraction of coal and granite are also conducted by Petrobangla. Description of these activates is given below –

Exploration & Production

One of the major activities of Petrobangla is searching gas and oil under the Country's legitimate territory. At the early period after liberation, exploration activities were dominated by foreign companies.

From 1980s Petrobangla actively started to explore new gas field. So far only about 82 exploration wells have been drilled, which resulted in discovery of 25 gas fields of which 27.07 TCF of Gas are recoverable. Out of these exploration wells, 20 are in the offshore with 2 discoveries and the rest 62 are on shore with 23 discoveries.

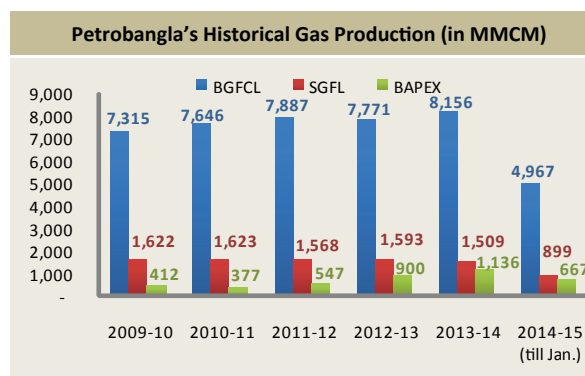
During 2009-13, 4,510 line-Km 2-D seismic survey and 2,163 sq km 3-D seismic survey has been conducted. At the same time 7 exploratory wells have been drilled discovering 2 new gas fields. According to Petrobangla, in FY 2012-13, 19 (nineteen) gas fields were in production and out of 120 wells located in these gas fields, 93 are on stream.

At present, 3 (three) state owned oil exploration and producing companies are operating in the Country. These companies are – Bangladesh Gas Fields Company Limited (BGFCL), Sylhet Gas Fields Limited (SGFL) and Bangladesh Petroleum Exploration & Production Company Limited (BAPEX). Particular facts about these companies are presented below –

Particulars	BGFCL	SGFL	BAPEX
Year of Establishment	May 1956	May 1982	July 1989
No. of Gas Fields Discovered	7	4	6
No. of Gas Fields in Production	5	4	6
No. of Discovered Wells	47	15	18
No. of Flowing Wells	38	12	9
Gas Production (in 2013-14)	8,155.95 MMCM	1,508.57 MMCM	1,135.85 MMCM
Condensate Production (in 2013-14)	28,425.20 Kilo Litre	61,228.12 Kilo Litre	4,303.00 Kilo Litre
Market Share (on Production basis)	35.1%	6.5%	4.9%
No. of Fractionation Plants	3	3	N/A

Source: Petrobangla MIS Report Jan '15, Companies' Website & ILSL Research

Last 5 years gas production status of these state owned companies is presented here –



Source: Petrobangla MIS Report Jan '15 & ILSL Research

Transmission

Transporting the high pressure natural gas is another activity of Petrobangla. On 14 December 1993, Gas Transmission Company Limited (GTCL) was formed with an objective of establishing a balanced and reliable national gas transmission network with effective and unified control to ensure transportation of required gas.

Back in the year 1960, the first gas transmission line of the Country was constructed to supply gas to a fertilizer plant. From then, the Country's natural gas transmission and distribution network has experienced considerable progress. Previously transmission pipelines were constructed by other companies. However, after the formation of GTCL, those pipelines were integrated with the GTCL system.

Currently, the Country's all high pressure Gas transmission pipelines are owned, operated, maintained and constructed by GTCL. Moreover, GTCL is solely responsible for construction of future high pressure transmission pipeline. A comparison of the Country's gas pipeline network in December 2013 and in December 2014 is as follows –

Particulars	Dec 2013	Dec 2014	Addition
Transmission Line	2,308.68	2,406.94	98.26
Distribution Line	2,490.96	2,569.29	78.33
Feeder Main and Service line	15,310.46	16,101.82	791.36
Others	1,879.89	1,948.73	68.84
Total	21,989.99	23,026.78	1,036.79

Source: Petrobangla MIS Report December '14 & ILSL Research

Marketing

Petrobangla has formed 6 (six) marketing companies to ensure allocation of natural gas at the different parts of the Country. Each company has designated area for marketing natural gas. The customer basket of these companies is ranging from large power and fertilizer plants to small households and business.

The six marketing companies are – Titas Gas T&D Company Ltd. (TGTDCCL), Jalalabad Gas Transmission &

Distribution System Ltd. (JGTDSL), Bakhrabad Gas Distribution Company Ltd. (BGDCL), Paschimanchal Gas Company Ltd. (PGCL), Karnaphuli Gas Distribution Company Ltd. (KGDCL) and Sundarban Gas Company Ltd. (SGCL). Among these companies, commercial operation of Sundarban Gas Company Ltd. (SGCL) is yet to start. A side by side information table about these companies is given below –

Particulars	TGTDCCL	BGDCL	JGTDSL	PGCL	KGDCL	SGCL
Date of Incorporation	20-Nov-1964	7-Jun-1980	1-Dec-1986	29-Nov-1999	8-Feb-2010	23-Nov-2009
Commercial Operation Started	28-Apr-1968	20-May-1984	N/A	23-Apr-2000	1-Jul -2010	Commercial Operation does not start yet
Franchise Area	Greater Dhaka and Greater Mymensingh	Chittagong Division, greater Comilla and greater Noakhali District	The greater Sylhet district	Rajshahi Division	Chittagong & Chittagong Hill Tract	Khulna, Barisal and Part of Dhaka Divisions
Gas Purchased (in 2013-14)	14,805.98 MMCM	3,059.12 MMCM	2,153.71 MMCM	1,036.57 MMCM	2,165.44 MMCM	N/A
Gas Sold (in 2013-14)	14,739.45 MMCM	3,151.71 MMCM	2,142.96 MMCM	1,076.64 MMCM	2,339.6 MMCM	N/A
Market Share (2013-14)	62.9%	13.4%	9.1%	4.6%	10.0%	0.0%
Total Length of Pipeline:						
Transmission	613.23 km	67.46 km	465.06 km	1.82 km	-	-
Distribution	648.84 km	207.99 km	1,330.98 km	381.48 km	-	-
Feeder Main and Service line	10,479.88 km	3,329.34 km	1,171.44 km	1,121.16 km	3,005 km	-
Others	936.54 km	258.42 km	752.72	1.05 km	-	-
Total Length of Pipeline	12,678.49 km	3,606.04 km	3,720.20 km	1,505.51 km	3,005 km	N/A
Total No. of Customers:						
Power	35	15	13	6	5	-
Fertilizer	3	1	1	-	4	-
Captive Power	1,072	73	98	35	174	-
Industry	4,583	157	95	80	1,040	-
Commercial	10,913	2,140	1,633	319	2,787	-
Tea Estate	-	-	93	-	1	-
Brick Field	12	-	-	-	5	-
CNG	330	87	53	28	65	-
Domestic	1,790,836	344,007	198,897	102,809	501,056	-
Total No. of Customers	1,807,784	346,480	200,883	103,277	505,137	N/A

Source: PB MIS Report Dec '14, Companies' Website & ILSL Research

Mining

Before 1985 the Country's mineral operation was run by Bangladesh Mineral Exploration & Development Corporation (BMEDC). On 11 April 1985, BMEDC was merged with Petrobangla. At present, Petrobangla is in charge for the mineral development in the country. The Geological Survey of Bangladesh (GSB), a permanent department of Ministry of Power, Energy and Mineral Resources, conduct the exploration part of minerals activity while subsequent development of economic deposits are undertaken by Petrobangla.

Currently Petrobangla has two underground mines, one for coal at Barapukuria which started commercial production in September 2005 and the other for hard rock at Maddhapara which started commercial production in May, 2007. Two separate companies were formed to operate the business. These companies are –

- 1. Barapukuria Coal Mining Company Limited (BCMCL):** The Company was formed on 4 August, 1998 and started partial production on 14 April, 2002. This mine has a capacity to produce about 01 (one) Million Metric Tons of coal per year. Cumulative Coal production from the mine up to December 2014 is 6.61 million Metric Tons. About 65% of the production has been used in a 250 MW coal fired power plant and rest to other domestic consumers.
- 2. Maddhapara Granite Mining Company Limited (MGMCL):** To set up an underground hardrock mine at Maddhapara Dinajpur a company named Maddhapara Granite Mining Company Limited was incorporated on August 04, 1998. The Companies commercial production has started on 25th May, 2007. The mine has the capacity to produce about 1.65 million tons of hard rock per year. The mine has produced 2.60 million Metric Tons of granite till December 2014.

CNG/LPG

To commercialize the use of CNG in the transport sector, Rupantarita Prakritik Gas Company Limited (RPGCL) was established on 1 January 1987 as a subsidiary of Petrobangla. The company is also given the responsibility of extracting LPG from the wet gas stream and refines it for bottling and marketing. As private sector has started to enter into the industry, RPGCL is entrusting with more supervisory and

advisory roles over the private operators. Recent status of the Country's CNG scenario is presented below –

Particulars	Number
Total established CNG refilling stations in operation	587
CNG conversion workshop in operation	180
Total Number of Vehicles converted into CNG (as on 30 June 2014)	8,133
Total CNG run vehicles in Bangladesh	209,054

Source: RPGCL Website

In addition to CNG business, the company also produced 6,249.55 Metric Tons LPG by processing 27.70 million litre Natural Gas Liquids (NLG) in its Fractionation plant at Kailashtilla during 2013-14.

Liquefied Natural Gas (LNG)

The Government took initiatives to minimize the intensity of natural gas crisis by importing LNG particularly to feed the Chittagong area. A memorandum of understanding (MoU) was signed with Qatar Petroleum on January 2011 to import annually 4.0 million tonnes of LNG for the use in the gas oriented industries including fertilizer factories and power plants. Recently, the Government has pursued time extension of the MoU with Qatar until 2017 to import LNG until it builds a receiving terminal.

As per Power & Energy Sector road map June 2012, the Government has plan to construct two separate LNG terminals at Moheshkhali island in the Bay of Bengal of which one will be land-based and another would be offshore. For this purpose an agreement has been signed between Petrobangla and US-based Excelerate Energy Ltd. to build the country's first floating LNG terminal with a capacity of 5.0 million tonne per year a re-gasification capacity of at least 500 million cubic feet per day (mmcf). It will also have berthing and mooring facilities for LNG tankers with a capacity of 138,000-260,000 cubic metres. The contract will be awarded on a build-own-operate-transfer basis for 15 years and expected to finish the construction work by early 2017.

Moreover, to build an onshore LNG terminal at Matarbari on Moheshkhali Island Bangladesh's state-run Power Division Cell has selected three international firms for awarding the contract. These firms are Japan's Mitsui & Co. Ltd., India's Petronet LNG Ltd., and Royal Dutch Shell EP International Ltd. Among these firms, the bid winning company will

take a majority stake in the planned terminal, acting as an engineering, procurement and construction contractor. It will also be responsible for the design and commissioning of the terminal. Other partners in the planned LNG terminal are state-owned Bangladesh Power Development Board (BPDB) and the International Finance Corporation's IFC InfraVentures Fund. The handling capacity of this onshore terminal is 3.5 million tonne per year. At the same time several state-run companies took initiatives to build LNG import facilities, following the Government's directive.

Meanwhile, the government has moved to import LNG from different sources to cope with the mounting natural gas demand. India is another LNG import source. Recently, the Asian Development Bank (ADB) has revealed interest to provide funds to facilitate import of re-gasified LNG from India for implementing a 750-800 megawatt (MW) combined cycle power plant project worth US\$ 550 million in Khulna.

In the Power & Energy Sector road map June 2012, the Government has principally decided to allow private sector to import LNG as well as to involve in the plan for importing and installation of LNG terminals.

Besides, the above stated activities Petrobangla is also responsible for monitoring the operation of International Oil Companies (IOCs). These IOCs have major influence in the Country's Natural Gas and Mineral sector. Petrobangla has Product Sharing Contracts (PSC) with these companies. Therefore, the next discussion topic is Product Sharing Contracts.

Product Sharing Contracts

The presence of International Oil Companies (IOCs) in Bangladesh has long history. After liberation of Bangladesh, exploration activities were stirred by both the national and international companies. In 1974 the Bangladesh Petroleum Act was enacted to facilitate international participation under Product Sharing Contracts (PSC). Petrobangla's one of the primary objectives is organizing, supervising and administering the Production Sharing Contracts with the International Oil Companies.

Several auctions have taken place regarding allocating onshore and offshore block between the time periods of 1974 to 2014. Since the signing of the PSC's, several

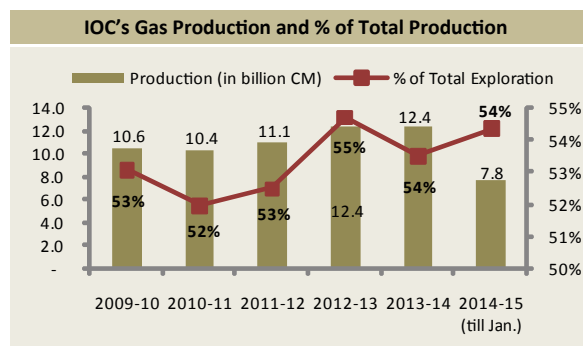
changes in ownership and restructuring in the contracts have taken place. All of the onshore PSCs have matured from the exploration phase to production phase and the major areas of the blocks have been relinquished. As of April 2014, the PSC's are active in: production areas of blocks 12, 13 & 14 operated by Chevron, exploration ring fence of block 16 operated by Santos and development cum production area of block 9 by Tullow Oil in association with Niko resources and BAPEX.

At present, three IOCs are operating in the Country. These companies are – Santos, Chevron and Tullow. NIKO is another IOC having 5 wells available for production. However, since 01 May 2010 the production of Niko is temporarily suspended. As on December 2014, some basic information about currently operating IOCs are given below –

Particulars	SANTOS	CHEVRON	TULLOW
No. of Wells available for Production	4	27	7
No. of Producing Wells	2	26	4
Daily Production Capacity	_*	30.02 MMCM	2.44 MMCM
Production (in 2013-14)	8.39 MMCM	11,361.16 MMCM	1,062.00 MMCM
Cumulative Production (Dec '14)	13,815.95 MMCM	85,429.47 MMCM	8,015.62 MMCM

Production of SANTOS (Sangu) has been suspended since 01-10-2013
Source: Petrobangla MIS Report Dec '14 & ILSL Research

In 2013-14, around 54% of total natural gas production was generated by IOCs. The produced natural gas by IOCs and their contribution to total gas production are given below –



Source: Petrobangla MIS Report Jan '15 & ILSL Research

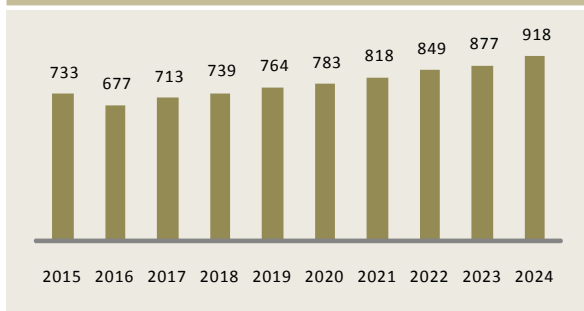
Increasing Demand

Natural Gas has substantial contribution in the Country's socio economic development. From a single household to a large power plant, the benefit of natural gas is evident. According to Petrobangla, currently natural gas accounts for around 73% of commercial energy in the Country. Since the Country has maintained around 6% GDP growth over the last years; the annual demand of natural gas is also kept pace with the overall advancement of the economy. Petrobangla estimated that Natural Gas is substituting around USD 14.6 billion oil import annually.

According to Petrobangla's estimation, current demand of natural gas is more than 3,000 MMCF per day of which around 80% are met through production. The demand is still mounting due to affordable price range, various usages and environment friendly features. Particularly establishment of gas fired power plants upsurge the requirement. For 2015-16, the Petrobangla has estimated that the Country's demand for gas will be 3,800 MMCF per day.

In a Joint project by Ministry of Power, Energy and Mineral Resource of Bangladesh Government and United Nations Development Programme (UNDP), projected natural gas demand as follows –

Projection of Natural Gas Demand (in Billion Cubic Feet)



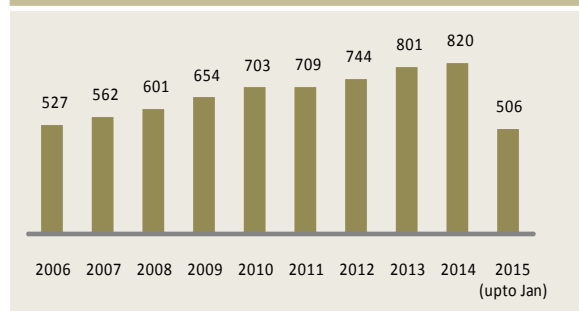
Source: Assessment of Investment and Financial Flows to Mitigate Climate Change Effects in the Energy Sector May 2011

Supply Constraint

The supply of natural gas is not endless. Limited supply condition failed to meet the required demand. Petrobangla's assessment indicates that, current supply of gas is around 2,380 MMCF per day which is nearly 650 MMCF shortages per day. According to Petrobangla, on January 2014, average daily gas

production was 2,332 MMCF registering 33% growth compared to that of January 2013.

Gas Production in the Last 10 Years (in Billion Cubic Feet)



Source: Petrobangla & ILSL Research

It is quite challenging to satisfy the entire demand with the Country's existing gas fields. Therefore some initiatives have been taken to keep pace with continually increasing demand. By June 2016, gas production is planned to be increased by 595 MMCF per day. Of this augmentation, 480 MMCF per day will increase by June 2015 and rest 115 MMCF per day will increase by June 2016.

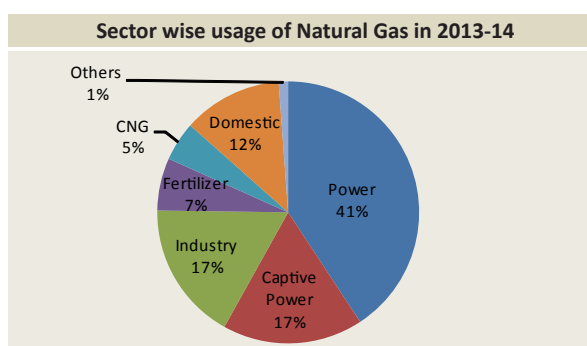
Sl. No.	Time Frame	Gas Fields & Wells	Flow (MMCFD)
1	July '14 To June '15	Rashidpur # 8	25
2		Bibiyan (8 wells)	300
3		Titas # 23, 24	60
4		Rashidpur # 9,10	50
5		Begumganj # 1/A	15
6		Sundalpur # 2	15
7		Semutang # 1/A	15
Sub-Total			480
8	July '15 To June '16	Rashidpur # 11	25
9		Sylhet # 9	10
10		Kailastila # 8	20
11		Titas # 25, 26	60
Sub-Total			115
Grand Total			595

Source: Petrobangla

Recently, Petrobangla has officially enhanced natural gas production capacity of Chevron-operated Bibiyan gas-field by 29.9% to 1,000 million cubic feet per day (MMCFD).

Sector Wise Consumption

As the substitution of imported petroleum products Bangladesh Government has endorsed the use of natural gas as fuel. Therefore, several industries have been developed based on natural gas. The customer size also ranged from a single house hold to a large power plant. The Customer segment can be classified as Power, Fertilizer, Captive power, Industry, Commercial, Domestic, Tea Estate and Brick fields. Of these sectors Power and Fertilizer are considered as bulk customers and others are non-bulk customers. In 2013-14, sector wise consumption of these sectors is as follows –



Source: Energy & Mineral Resources Division & ILSL Research

As it can be identified power is the largest consumer of natural gas with around 58% consumption (Power + Captive power). Other large customers are industry and fertilizer. Although individual consumption is small yet collectively domestic sector consumed around 12% of total consumption.

Recent Developments:

In Recent times an initiative was taken to increase the price of natural gas on retail level. For this purpose, the gas marketing and distribution companies submitted tariff hike proposals separately to the Bangladesh Energy Regulatory Commission (BERC). After conducting the public hearing, the technical evaluation committee of BERC turned down all proposals. However, final verdict is still pending.

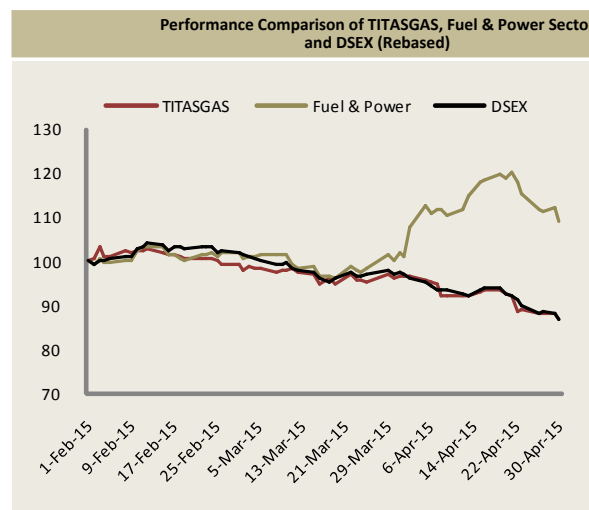
Capital Market Presence:

In the Country's capital market, Fuel & Power Sector contributes substantially in terms of market capitalization. Several sub-sectors are included here like, power generation, fuel oil distribution, natural gas and others. Here some facts are presented on DSE's fuel & power sector as on 30 April, 2015 –

Some Selected Facts on Fuel & Power Sector and DSE	
No. of Listed Companies	18
Market Capitalization	BDT 346,830 mn
% of Total M. Capitalization	14.4%
Sector F. P/E	13.2
Sector Trailing P/E	13.0
Sector P/B	2.0
Market F. P/E	15.2
Market Trailing P/E	15.6
Market P/B	1.4

Source: DSE Website & ILSL Research

Among these 18 companies, Titas Gas Transmission and Distribution Company Ltd. is the lone listed company from natural gas sector. A performance comparison among the Broad Index – DSEX, the fuel & power sector and the TITASGAS for the last one year is exhibited below –



Source: DSE Website & ILSL Research

In this issue we covered Titas Gas Transmission and Distribution Company Ltd. (DSE: TITASGAS) from Fuel & Power sector of DSE.

Titas Gas Transmission and Distribution Company Limited

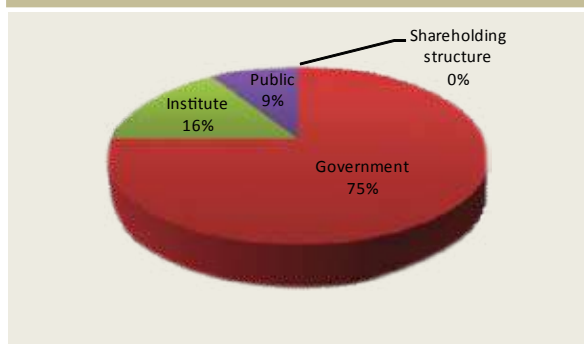
Company Overview

Titas Gas Transmission and Distribution Company Limited (TITASGAS) was incorporated on November 20, 1964 with an objective to transmit and to distribute natural gas to the Dhaka City. Later on the franchise area of the Company has been extended to new areas of Greater Dhaka, Greater Mymensingh and Brahmanbaria which includes Dhaka Metropolitan city & suburbs. It is the largest gas transmission and distribution company in Bangladesh with 63% market share among the 6 operators under Petrobangla.

The Company started its commercial operation on 28 April 1968 by supplying gas to Siddhirganj Thermal Power Station. The first domestic gas connection was provided on October 1968. Initially 90% of its share was held by the Pakistan Government and rest 10% was held by the Pakistan Shell Oil Company. After the independence, entire shareholding of the Company was transferred to the Government of Bangladesh and eventually to Bangladesh Oil & Gas Corporation (Petrobangla).

As of June 30, 2014, the company sold 14,732.08 MMCM (Million Cubic Meter) gas. Total length of pipeline was 12,505.50 km and total number of customer stood at 1.72 million. The company got listed with the DSE and the CSE in 2008 under direct listing method.

Shareholding Structure in 2013-14



Source: DSE Website & ILSL Research

Board of Directors

The Company's Board of Directors is consisted of nine members of whom two are independent members. All the members are appointed from energy & mineral resources division and different government organizations. Generally the Secretary of Energy & Mineral Resources Division leads the board.

Company Fundamentals (As of 30 April, 2015)

Market Cap (BDT mn)	64,892.9
Market weight	2.7%
No. of Share Outstanding (in mn)	989.2
Free-float	25.0%
Paid-up Capital (BDT mn)	9,892.0
3-month Average Turnover (BDT mn)	32.6
3-month Return	-13.2%
Current Price (BDT)	65.6
52-week price range (BDT)	59.6 – 97.5
Sector Forward P/E	13.2

	2011-12	2012-13	2013-14	2014-15 (9m Ann.)
Financial Information (BDT mn):				
Sales	71,375	74,796	78,321	81,040
Profit After Tax	8,912	9,096	10,269	8,166
Assets	74,655	80,372	90,390	94,221
LT Debt	1,889	1,340	1,163	1,242
Equity	36,163	45,757	52,557	54,939
Dividend (C/B)%	30/5	35/-	38/-	---
Margin:				
Gross Profit	15.4%	14.8%	15.5%	14.4%
Operating Profit	11.9%	11.2%	12.5%	9.7%
Pretax Profit	17.0%	16.6%	17.9%	14.2%
Net Profit	12.6%	12.3%	13.3%	10.1%
Growth:				
Sales	4.3%	4.6%	4.1%	5.3%
Gross Profit	-14.4%	0.1%	9.4%	-2.4%
Operating Profit	-20.1%	-2.0%	16.0%	-18.0%
Net Profit	-2.9%	2.1%	12.9%	-20.5%
Profitability:				
ROA	13.3%	11.7%	12.0%	8.8%
ROE	27.7%	22.2%	20.9%	15.2%
Leverage:				
Debt Ratio	3.1%	2.1%	1.5%	1.4%
Debt-Equity	6.4%	3.7%	2.6%	2.4%
Int. Coverage	97.1	121.9	169.2	164.1
Valuation:				
Price/Earnings	7.9	8.9	7.4	7.9
Price/BV	2.0	1.8	1.4	1.2
EPS (BDT)	9.5	9.2	10.4	8.3
NAVPS (BDT)	36.6	46.3	53.1	55.5
DPS (BDT)	3.0	3.5	3.8	---

Revenue Stream

The Company's prime revenue source is selling natural gas to various customers. Around 99% of sales revenue comes from selling gas and rest is generated from other operational activities like, Meter Rent, Connection Charge etc. The Company is enjoying fairly diversified customer base with increasing trend.

In 2013-14, overall power sector i.e., PDB, IPP and Captive power has generated around 36% of its revenue composition followed by industrial (24.6%) and Feed Gas for CNG (20.9%).

The Company's customer wise revenue contribution and their respective margin in 2013-14 are given below –

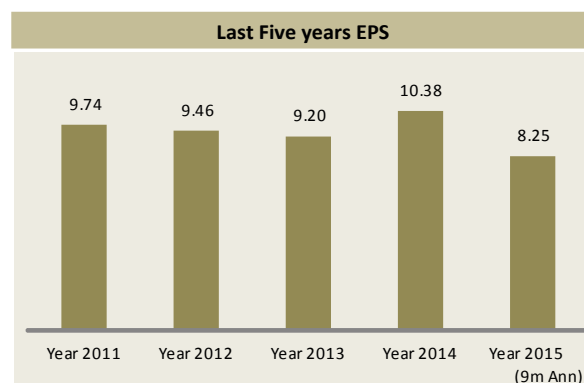
Particulars	Revenue Contribution	Distribution Margin
Power (PDB+IPP)	17.82%	7.98%
Fertilizer	2.24%	6.01%
Feed Gas for CNG	20.90%	0.68%
Captive Power	18.05%	14.14%
Industry	24.63%	16.30%
Commercial	1.79%	18.32%
Domestic	14.52%	14.05%

Source: TITASGAS & ILSL Research

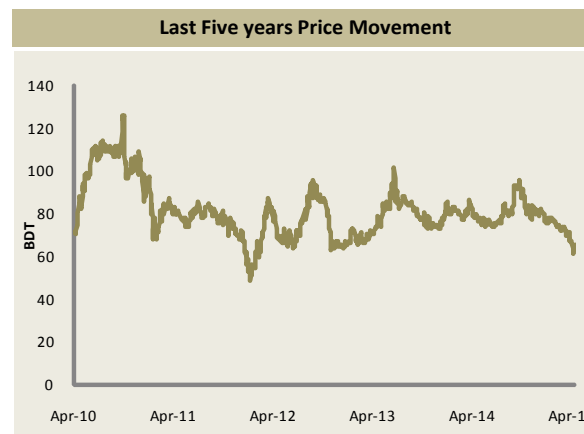
Investment Insight

- Titas Gas enjoys monopoly in its franchise area, i.e., Greater Dhaka & Mymensingh districts. Therefore, the Company ensured sustainable revenue stream.
- It is the market leader – 63% market share, in terms of gas sold among the six gas distribution company.
- As far as the country will grow, demand for natural gas will also grow. Since Titas is the largest gas distributor, it will be able to maintain a sizeable business as long as gas reserve is not completely depleted.
- The Company paid stable cash dividend over the years.
- The National Board of Revenue (NBR) demanded around BDT 16,000 crore from the Company alleging that the company avoided the amount in value-added tax and supplementary duty from 2009 to 2014.
- The Company earned substantial income form FDR interest. However, recent declining trend of deposit rate may reduce the income form this source.

- Auditor had provided qualified opinion on June 30, 2014 financials regarding discrepancy in trade receivable and Customer Security Deposit accounts amounting BDT 294 mn and BDT 133mn respectively.
- The overall system loss of the Company has increased from 0.03% in 2012-13 to 0.32% in 2013-14.



Source: Annual Reports & ILSL Research



Source: DSE Website & ILSL Research

As on 30 April 2015, TITASGAS has largest market capitalization (18.7%) in Fuel & Power sector of DSE. It also held 5th position, based on the market capitalization, in the Country prime bourse – DSE. The RSI (15) and the MFI (15) of the Company were 22.82 and 24.33 respectively.

Source: Annual Report, the Financial Express, the Daily Star, Petrobangla's Website, Titas Gas Website. DSE, Companies Concerned Officials and ILSL Research

MUTUAL FUND: MONTHLY UPDATE

Performance of Mutual Funds

Mutual Fund Sector of DSE posted 8.63% loss over the month (29 March - 30 April, 2015), while the prime index of the bourse, DSEX, decreased by 10.2%. Price of 1 Mutual Fund remain unchanged and 40 Mutual Funds decreased over the period. On the other hand, NAV @ Market Price of 2 Mutual Funds increased and 39 Mutual Funds decreased. Out of 41 Mutual Funds, 38 were traded below their respective NAV. LR Global Mutual Fund had the lowest Price/NAV ratio (38.2%) whereas 1STPRIMFMF was traded at highest Price/NAV ratio (120.1%).

Name of Fund	NAV Per Unit @		Price 26 Feb, 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	36.19	14.24	20.5	56.6%	↑ 0.5%	↓ -23.2%	20 - 45.5	3.94	30/Jun/15	AIMS
GRAMEEN1	29.34	12.3	17.3	59.0%	↓ -1.1%	↓ -21.0%	16.9 - 48.5	1.57	4/Sep/15	AIMS
GRAMEENS2	18.34	11.28	9.0	49.1%	↓ -0.2%	↓ -14.3%	8.7 - 17.9	1.96	2/Sep/23	AIMS
RELIANCE1	11.85	11.63	5.3	44.7%	↓ -0.3%	↓ -15.9%	5.6 - 9.6	0.44	7/Jul/21	AIMS
1STICB	1542.44	228.37	1005.2	65.2%	↓ -9.7%	↓ -4.4%	842.1 - 1184	0.05	31/Mar/15	ICB
2NDICB	260.37	103.88	260.4	100.0%	↓ -11.6%	↓ -3.0%	235.7 - 329	0.01	30/Jun/15	ICB
3RDICB	326.86	70.64	210.0	64.2%	↓ -8.0%	↓ -7.0%	188 - 254.9	0.02	30/Sep/15	ICB
4THICB	251.37	79.81	180.5	71.8%	↓ -9.9%	↓ -6.4%	185.9 - 235	0.02	31/Dec/15	ICB
5THICB	218.04	61.45	172.7	79.2%	↓ -8.9%	↓ -4.1%	140 - 205	0.02	31/Mar/16	ICB
6THICB	51.52	27.59	55.5	107.7%	↓ -11.0%	↓ -4.0%	49.8 - 72.4	0.20	30/Jun/16	ICB
7THICB	93.2	39.27	77.0	82.6%	↓ -10.2%	↓ -5.4%	75 - 105	0.06	30/Sep/16	ICB
8THICB	61.4	34.25	61.1	99.5%	↓ -11.3%	↓ -4.2%	53.2 - 75	0.08	31/Dec/16	ICB
1STPRIMFMF	8.24	15.9	9.9	120.1%	↓ -0.4%	↓ -16.1%	9.1 - 20.7	1.29	17/Mar/16	ICB AMCL
ICB1STNRB	20.3	34.13	16.9	83.3%	↓ -9.9%	↓ -11.5%	15.7 - 31.9	0.07	28/Mar/17	ICB AMCL
ICB2NDNRB	9.13	14.94	5.6	61.3%	↓ -10.3%	↓ -16.4%	5.7 - 11	0.51	27/Jul/18	ICB AMCL
ICB3RDNRB	6.38	11.4	3.9	61.1%	↓ -9.6%	↓ -4.9%	3.7 - 5.5	0.34	24/May/20	ICB AMCL
ICBAMCL2ND	7.14	13.16	3.9	54.6%	↓ -9.6%	↓ -17.0%	3.8 - 6.8	0.15	28/Oct/19	ICB AMCL
ICBEPMF1S1	6.85	11.81	3.9	56.9%	↓ -9.4%	↓ -9.3%	3.6 - 6.1	0.23	18/Jan/20	ICB AMCL
ICBSONALI1	8.78	11.16	4.9	55.8%	↓ -6.3%	↓ -19.7%	4.7 - 9.5	0.17	12/Jun/23	ICB AMCL
IFILISLMF1	8.65	11.47	5.1	59.0%	↓ -7.3%	↓ -13.6%	4.8 - 8	0.84	22/Nov/20	ICB AMCL
PF1STMF	6.66	11.55	4.0	60.1%	↓ -9.0%	↓ -9.1%	4 - 6.3	0.11	9/May/20	ICB AMCL
PRIME1ICBA	7.11	11.74	3.8	53.4%	↓ -8.7%	↓ -11.6%	3.7 - 6.1	0.14	2/Feb/20	ICB AMCL
AIBL1STIMF	9.41	10.89	4.2	44.6%	↓ -4.1%	↓ -4.5%	3.7 - 9	0.30	10/Jan/21	LR Global
DBH1STMF	9.08	10.86	3.7	40.7%	↓ -3.8%	↓ -9.8%	3.7 - 6.7	0.43	7/Feb/20	LR Global
GREENDEL MF	9.35	10.59	3.7	39.6%	↓ -3.3%	↓ -11.9%	3.8 - 6.3	0.32	28/Sep/20	LR Global
LRGLOBMF1	9.66	10.96	3.5	36.2%	↑ 2.5%	↔ 0.0%	3.3 - 7	0.69	19/Sep/21	LR Global
MBL1STMF	9.19	10.9	3.4	37.0%	↓ -3.7%	↓ -15.0%	3.4 - 8.9	0.26	8/Feb/21	LR Global
NCCBLMF1	9.19	10.9	3.4	37.0%	↓ -2.1%	↓ -5.6%	3.3 - 7.5	1.96	24/May/22	LR Global
1JANATAMF	10.22	11.3	4.2	41.1%	↓ -4.6%	↓ -8.7%	4.1 - 7.2	0.38	20/Sep/20	RACE
ABB1STMF	11.35	11	5.0	44.1%	↓ -3.8%	↓ -10.7%	4.5 - 7.5	0.04	29/Jan/22	RACE
EBL1STMF	9.13	11.58	4.2	46.0%	↓ -5.7%	↓ -10.6%	4 - 7	0.25	19/Aug/19	RACE
EBLNRBMF	9.6	10.9	4.0	41.7%	↓ -5.0%	↓ -4.8%	4 - 7.5	0.03	23/May/21	RACE
EXIM1STMF	10.27	10.69	6.0	58.4%	↓ -4.6%	↓ -9.1%	5.7 - 9.3	0.00	16/Jul/23	RACE
FBFIF	10.37	10.71	5.9	56.9%	↓ -3.1%	↓ -1.7%	5.4 - 10	0.01	19/Mar/22	RACE
IFIC1STMF	9.87	11.21	4.0	40.5%	↓ -5.0%	↓ -7.0%	3.9 - 7.1	0.30	1/Apr/20	RACE
PHPMF1	9.62	11.54	4.0	41.6%	↓ -5.1%	↓ -7.0%	3.9 - 6.7	0.67	29/Nov/20	RACE
POPULAR1MF	10.37	11.6	4.1	39.5%	↓ -4.0%	↓ -8.9%	3.9 - 6.9	0.91	19/Oct/20	RACE
TRUSTB1MF	9.89	10.9	4.1	41.5%	↓ -5.1%	↓ -10.9%	4 - 7.9	0.72	27/Jan/20	RACE
NLI1STMF	12.18	12.66	8.1	66.5%	↓ -3.9%	↓ -3.6%	6.7 - 9.7	0.42	27/Feb/22	VIPB
SEBL1STMF	11.6	12.23	8.0	69.0%	↓ -5.0%	↓ -2.4%	6.6 - 9.4	0.43	23/May/21	VIPB

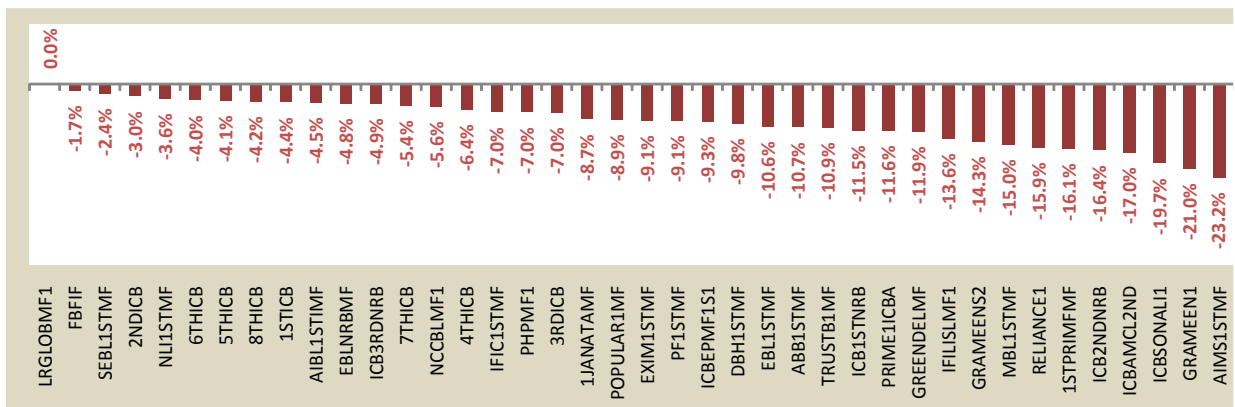
Source: DSE, ILSL Research

Mutual Fund : Monthly Update

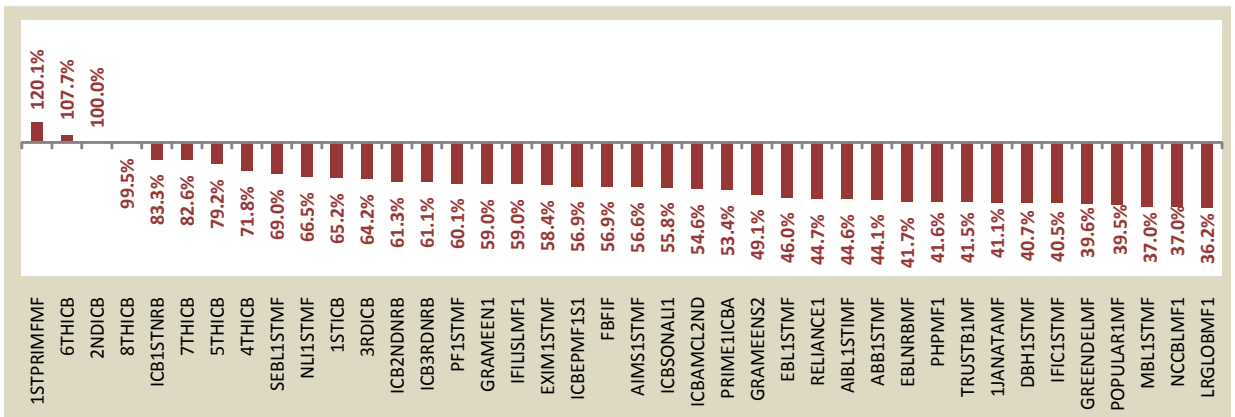
Monthly Top 10 Analysis

Highest Return	% Change in NAV	Lowest Return	% Change in NAV	Turover Leader	Avg Turnover (BDT mn)
LRGLOBMF1	2.5%	2NDICB	-11.6%	AIMS1STMF	3.9
AIMS1STMF	0.5%	8THICB	-11.3%	NCCBLMF1	2.0
GRAMEENS2	-0.2%	6THICB	-11.0%	GRAMEENS2	2.0
RELIANCE1	-0.3%	ICB2NDNRB	-10.3%	GRAMEEN1	1.6
1STPRIMFMF	-0.4%	7THICB	-10.2%	1STPRIMFMF	1.3
GRAMEEN1	-1.1%	ICB1STNRB	-9.9%	POPULAR1MF	0.9
NCCBLMF1	-2.1%	4THICB	-9.9%	IFILISLMF1	0.8
FBFIF	-3.1%	1STICB	-9.7%	TRUSTB1MF	0.7
GREENDELMF	-3.3%	ICB3RDNRB	-9.6%	LRGLOBMF1	0.7
MBL1STMF	-3.7%	ICBAMCL2ND	-9.6%	PHPMF1	0.7

Monthly Price Return



Mutual Funds Trading at Premium/Discount



Performance of Asset Managers

Asset Manager	Assets Under Management (AUM) (BDT mn)	% of Total AUM	Monthly Return on Portfolio	NAV @ Market Price/ Cost Price	Paid-Up Capital (BDT in mn)
AIMS	6,840	14.2%	-0.1%	1.81	3,140
ICB	3,037	6.3%	-9.9%	3.40	178
ICB AMCL	5,643	11.7%	-8.8%	0.63	7,150
LR Global	8,354	17.3%	-1.7%	0.86	8,896
RACE	22,508	46.7%	-4.3%	0.92	22,181
VIPB	1,771	3.7%	-4.6%	0.95	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.

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

Business Newsflash

Economy

Bangladesh is a top destination for producers leaving China: HSBC

The Daily Star, April 2, 2015

Bangladesh is one among the three countries that China-based factories are planning to shift their production facilities to, as the manufacture of low-cost products is increasingly becoming pricier in the world's second largest economy, according to an HSBC analysis. **As China loses its edge in the lower end of the product scale, factories are moving to countries like Bangladesh,** HSBC's recent look into Asian Economies revealed. HSBC's find is contrary to the popular belief that many Chinese factories are moving to India and Indonesia, as those are the next biggest markets in Asia where labour is still cheap. Chinese firms are making sufficient inroads into pricier areas, like smartphones and solar panels, to keep exports humming, opening up room for others to step in.

Import growth dives to 5.44pc in Jul-Feb

New Age, April 04, 2015

The country's import growth slackened to 5.44% in eight months of the current financial year 2014-15 against a 13.49% growth in the same period of the FY14 amid dull business caused by political unrest. The settlement of letters of credit in the July-February period of the FY15 stood at USD25.43 bn against USD24.12 bn during the same period of the FY14. The country had maintained a robust growth in the import financing in the last two financial years but it nosedived this financial year due to political unrest and uncertainty. LC opening in the eight months of the FY15 posted a growth of 8.14% in contrast to a 12.01-% growth in the same period of the FY14.

Remittance hits USD11.24b in nine months

New Age, April 04, 2015

The country's inward remittance increased by 7.21% to USD 11.25 bn in the first nine months of the current financial year 2014-15 from USD 10.49 bn in the corresponding period of the FY14. The inward remittance had increased steadily in the first nine months of the FY15 as the banks had recently dealt a number of drawing arrangement with the foreign exchange houses due to the central bank initiatives. The inward remittances increased to USD 1.33 bn in March this year from USD 1.28 bn in the same month of 2014.

Interest rates on savings instruments may fall

The Daily Star, April 6, 2015

Finance Minister AMA Muhith has hinted that the government may cut interest rates on savings instruments in the next fiscal year. Between July and February the sales of savings instruments soared 77.41% year-on-year to BDT 26,533 crore. The development is a massive setback for the government, which aimed to keep net borrowing through savings instruments within BDT 9,056 crore this fiscal year. The rate of interest on savings instrument is between 12% and 14%. In January, the weighted average interest rate on deposits was 7.26%, down from 8.34% a year ago. The government's expenditure on interest payment for savings instrument increased 23.68% to BDT 6,108 crore in the first eight months of the fiscal year, according to data from the Savings Directorate.

Export earnings rise by 3% in July-March period

Dhaka Tribune, April 07, 2015

The country's export earnings rose by nearly 3% riding on the RMG sector in the first nine months of the current fiscal year. In July-March of FY 2014-15, Bangladesh earned USD22.9bn by exporting goods which is 2.97% higher compared to the same period last year. RMG sector, the highest export earner, contributes over 81% to the total export earnings. As per the provisional data, woven sector earned USD9.55bn, which was 3.6% higher compared to the same period last year, while Knitwear earned USD9.05bn posting 2.7% growth. In March, the export earnings rose by over 7%, while in February the single month export growth was 5.15%.

Inflation up for 2nd month on political unrest

New Age, April 08, 2015

The general point-to-point inflation rose for the second month in March reaching 6.27% from 6.14% in February. The inflation rose for the second month because of rise in food prices amid political unrest. The BNP-led opposition alliance launched political movement between January-March demanding a fresh national elections but the movement has subsided in recent days. Earlier, inflation increased to 6.14% in February from 6.04% in January. The food inflation at national level stood at 6.37% in March, up from 6.11% in February. The non-food inflation at national level came down to 6.12% in the month from 6.20% in February.

Private sector credit growth rebounds

Dhaka Tribune, April 09, 2015

The country's banking sector has seen rebound in private sector credit growth in February, thanks to negative government borrowing from the banking system and lower lending rate. The private sector credit growth rose to 13.6% in February from 13.3% in the previous month. The banking sector saw a fall in credit growth in the first month of the year from 13.5% in last December due to the ongoing political turmoil. On the other hand, public sector credit posted negative growth of 0.7% in February as the government project implementation remained slower amid political unrest. A drastic fall in government borrowing from the banking system over the last couple of months is also one of the factors that pushed the private sector credit growth higher.

GDP revised at 6.8pc in FY15

New Age, April 09, 2015

The coordination council on macro-economy in a meeting on Wednesday decided to revise the country's growth target of the gross domestic product at 6.8% in the outgoing fiscal year. The committee also fixed the GDP growth rate at 7.4% for the next fiscal year. The revised budget in the outgoing fiscal year had been fixed at BDT 2,40,000 crore from original BDT 2,50560 crore. The size of the next budget would be around BDT 3,00,000 crore.

FY15 borrowing through savings instruments to rise by 132%

Dhaka Tribune, April 14, 2015

The government borrowing through national savings certificates would increase as high as 132% to BDT21,000 crore this fiscal year from the original estimate. Finance Division has revised up the estimate from the previous estimate of BDT9,056 crore. But the government has to face a huge pressure now in the payment of interest against the savings instruments. The rates of interest range between 12% and 14%. The rates, however, will be reviewed for the next fiscal year and are expected to come down below 9. During July-February period this fiscal, the sales of saving instruments soared 77.41% year-on-year to BDT26,533 crore.

IFC, govt to launch USD1b offshore BDT-linked bond

The Daily Star, April 20, 2015

The International Finance Corporation and the Bangladesh government are set to launch a USD1 bn offshore BDT-linked bond, a move that can help internationalise the currency in the long run. An IFC team led by its Executive Vice-President Jin-Yong Cai floated the idea of a BDT bond to Finance Minister AMA Muhith yesterday in a meeting on the sidelines of WB-IMF spring meetings in Washington DC, which the minister agreed to right away. In October 2013, IFC, the World Bank's private sector arm, launched an identical bond programme for India. The same model will be followed for Bangladesh. The Bangladesh bond will be listed on London Stock Exchange, according to a finance ministry official.

ADB cuts GDP growth forecast to 6.1pc

NewAge, April 22, 2015

The Asian Development Bank on Tuesday downsized the GDP growth projection for Bangladesh to 6.1% for the current fiscal year from 6.4% forecasted in September 2014 mainly due to ongoing political unrest in the country. According to the ADB report, agriculture growth will be at 3.3%, lower than its earlier projection of 3.5%, due to production loss of perishable noncereal products because of disruptions in supply, distribution and marketing. Growth in industry sector will also grow lower at 8.5% from its earlier projection of 9.2% because of political unrest. Services sector growth will fall slightly to 5.7% from 5.8% as business activities were affected by strikes and blockades. Increasing investment up to 35% of GDP is the major challenge to attaining a higher GDP growth trajectory and Bangladesh needs to maintain political stability and improve quality of governance to boost investment.

Reserve crosses USD24b as idle dollars keep mounting

New Age, April 30, 2015

The country's foreign exchange reserves crossed USD24-bn mark for the first time on Wednesday as the Bangladesh Bank's purchasing of US dollars from the local banks surpassed USD2.80 bn in this financial year amid slow business. BB kept intervening into the forex market so that the taka remained stable against the dollar amid lack of demand for greenbacks. The relatively good inflow of remittance and static growth in export earnings amid the dull import helped the rise in the reserves. BB purchased around USD50 mn from the local banks, taking the total dollar buying to USD2.83 bn in July-April.



Moody's rates Bangladesh's outlook stable for 6th straight year

Dhaka Tribune, April 30, 2015

The global rating agency Moody's has rated Bangladesh's outlook as stable for the sixth consecutive year. Moody's Investors Service has projected Bangladesh's outlook as stable again for the current year saying that the country's growth volatility is lower than for almost all other countries rated by the global credit rating agency. Bangladesh is rated Ba3 with a stable outlook. **Bangladesh's Ba3 foreign currency government bond rating reflects its track record of macroeconomic stability, a modest debt burden, and limited external vulnerabilities with an ample foreign reserve buffer.** The agency forecast that growth expanded by 6.1% in the fiscal year ended 30 June 2014, and is expected to rise at a similar pace this year.

International

Japan hints at joining Asian investment bank

New Age, April 09, 2015

Japan has hinted at joining the China-proposed Asian Infrastructure Investment Bank while Iran has been approved as a founding member of the AIIB, establishment of which has also been welcomed by World Bank president Jim Yong Kim, reports Xinhua and the AFP. Local media in Japan on Wednesday reported that the government had earmarked USD1.5 bn as its contribution to the AIIB. Japan, who hold China as its biggest trade and economic partner, hopes that its joining the AIIB could help improve ties between Tokyo and Beijing, which have soured of late owing to issues of territory and history.

Asian investment bank starts with 57 members Norway included despite frosty ties with China

Newage, April 16, 2015

Fifty-seven countries have been approved as founding members of a Chinese-backed infrastructure bank, Beijing said, and Norway was included despite frosty relations over a Chinese dissident's Nobel prize. The last seven countries approved as founding members by Wednesday's deadline were named by China's finance ministry as Sweden, Israel, South Africa, Azerbaijan, Iceland, Portugal and Poland. The 57 include the United Nations Security Council's permanent five, 14 of the 28 European Union countries, and 21 members of the 34-strong Organisation for Economic Cooperation and Development. The line-up does not include the United States or Japan but represents a

diplomatic coup for China after close US allies such as Britain, France, Germany and Australia decided to take part even after Washington initially opposed them signing up.

Stock Market

Foreign investment in Bangladesh capital market doubled in 2014: Report

bdnews24.com, April 17, 2015

Taka gaining against the US Dollar and declining share prices in 2014 helped Bangladesh's capital market to attract foreign investment twice the amount of 2013, a Bangladesh Bank report reveals. **Last year, the Dhaka and Chittagong stock exchanges received about USD714 mn investment from 19 countries.** American investors led the list with an investment of USD471.1 mn, which is 65.97% of the total foreign investment, according to the report. Swiss investors followed with USD120.8 mn and the UK with USD53.6 mn. Countries that invested in Bangladesh's capital market last year include Bahrain, Belgium, Canada, Germany Hong Kong, Iceland, India, Japan, Luxembourg, New Zealand, Russia, Saudi Arabia, Singapore, Sri Lanka and Sweden. International investment body IFC, too, invested. However, in the same year, foreign investors withdrew about USD296.1 mn – out of USD347.4 mn they invested in 2013.

Bank

Dull business forces banks to go for more rate cuts

Newage, April 18, 2015

Scheduled banks further cut rates of interest on lending in February as the businesspeople continued to show reluctance in receiving loan from the banking sector due to sluggish business amid political unrest. The weighted average interest rate on lending in the banking sector declined to 12.23%age points in February from 12.32%age points in January of this year. The lending rate in the banking sector hit a four-year low in February 2015 as the scheduled banks are compelled to decrease the rate massively due to a sluggish demand from the business people amid recent spates of political violence. The BB data showed that the weighted average interest rate on deposit of the banks had also decreased to 7.19%age points in February from 7.26%age points in January of 2015. The interest spread rate, the gap between the interest rates on credit and deposit, decreased to 5.04%age points in February from 5.06% age points in January.

NBFI

NBFIs asked to keep 100pc provision against write-off loans

New Age, April 09, 2015

Bangladesh Bank on Wednesday asked non-bank financial institutions to keep 100% provision before declaring their defaulted loans of the bad or loss category write-off. The NBFIs, however, will be allowed to convert defaulted loans amounting to BDT 50,000 or less into write-off without filing any case with court. The management of the NBFIs would have to take prior approval from their respective board of directors to write-off the defaulted loans.

Fuel and Power

BB disburses USD19.15m to Midland Power Co

The Financial Express, April 1, 2015

The central bank disbursed a fund worth USD19.15 mn under its Investment Promotion and Financing Facility (IPFF) project Tuesday to Midland Power Company Limited through three private commercial banks. The banks are Eastern Bank Limited (EBL), Mutual Trust Bank Limited (MTBL) and Trust Bank Limited (TBL). The central bank has been implementing the project on behalf of the Finance Ministry to finance PPP (public private partnership) based infrastructure development projects since 2007. Apart from this power plant, the IPFF has financed USD154.72 mn equivalent to BDT 11.48 bn in nine power plants, one inland container depot, one IT infrastructure project and three water treatment plants till date through participating banks and financial institution.

BPC to see BDT 2,000cr profit as oil prices fall

The Daily Star, April 14, 2015

Bangladesh Petroleum Corporation is making a whopping profit of BDT 13 to BDT 36 per litre on petroleum products on the back of the sliding global oil prices since June last year. The production cost of octane is BDT 56.85 per litre but the customers are buying it for BDT 99, giving the state-run corporation a profit of BDT 35.49 per litre. The profit margin is BDT 13.77 per litre for kerosene, BDT 14.68 for diesel, BDT 19.57 for furnace oil and BDT 18.75 for jet fuel. In other words, the state-run company is set to make more than BDT 2,000 crore in profits this fiscal year.

Engineering

Japanese steel giant Kobelco enters Bangladesh market

Dhaka Tribune, April 29, 2015

The world's leading Kobelco Welding, a group company of Japan's Kobe Steel Limited, has announced its entrance into Bangladesh, eyeing the country's fastest growing shipbuilding industry. The company is now selling its welding equipment to the Western Marine Shipyard, the country's leading shipbuilders, through its local dealer Tsi Marine Ltd. Bangladesh welding industry is mostly dominated by the use of manual welding equipment. However, this situation is expected to change as several industries have started demanding automated equipment to support higher productivity. More than hundred-year old, Kobe Steel is Japan's fifth-largest and the world's fifteenth-largest steelmaker with an annual turnover of around USD16 bn and employing some 36,000 people across the world. The company has plants in Japan, Thailand, Korea, Europe, Indonesia, India, Singapore and Malaysia.

Telecommunication

Govt to take USD44m loan from IDB for second submarine cable links

The Daily Star, April 2, 2015

The government is set to take USD44 mn loans from the Islamic Development Bank under slightly harder terms to connect the nation to a second submarine cable. Once connected to the second submarine cable, SEA-ME-WE-5, the country's internet bandwidth will increase sevenfold from the existing 200 Gbps. SEA-ME-WE-5 is a consortium of 17 nations, where Bangladesh's share will be USD72.5 mn. Of the amount, Bangladesh will pay USD44 mn by taking the loan from IDB, payable in ten years after a three-year grace period and the rate of interest on the loan would come to 4.15%. The break-up of the interest is: the rate of interest for the loan will be six-month LIBOR+1.35%, which may amount to approximately 1.67%. LIBOR (London Inter-Bank Offer Rate) is the global benchmark for short-term loan. A joint venture of two companies -- Alcatel Lucent of France and NEC of Japan -- will build the second submarine cable line for the consortium, to whom BSCCL has already paid USD19.2 mn from its own fund.

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

Editorial Panel

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

IL Capital Research Team

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

ILSL Research Team

Rezwana Nasreen	Head of Research	rezwana@ilsibd.com
Towhidul Islam	Research Analyst	tislam@ilsibd.com
Md. Tanvir Islam	Sr. Research Analyst	tanvir@ilsibd.com
Mohammad Asrarul Haque	Jr. Research Analyst	asrarul@ilsibd.com

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Contact Address

Printers Building (14th Floor), 5 Rajuk Avenue, Dhaka-1000.
Phone: +88-02-9515573, Fax: +88-02-7117559
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Contact Address

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