

ILCL-ILSL MONTHLY

Economy and Market Review

February : 2015 Issue : 18

Fuel Oil Distribution Companies of Bangladesh



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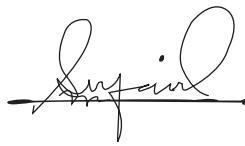
Editorial

Welcome to our February 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 this issue, we are introducing a brief point of discussion addressing global business and economy. This edition includes a short note on **Geopolitical Risks and Spillover Effect on Bangladesh** and also covers **Fuel Oil Distribution Companies 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 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-



Saad Faisal
Chief Operating Officer, IL Capital



Md. Humayan Kabir, FCA
Chief Operating Officer, ILSL

ILCL-ILSL MONTHLY

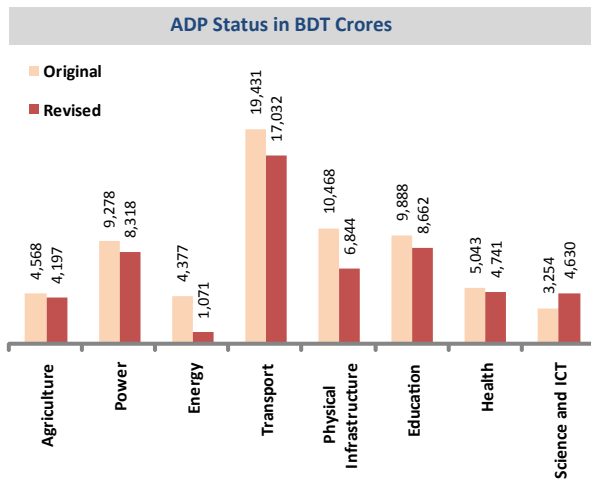
Economy and Market Review
February, 2015

Table of Contents

ECONOMY UPDATE	01
GEOPOLITICAL RISKS AND SPILLOVER EFFECT ON BANGLADESH	02
MARKET UPDATE	10
FUEL OIL DISTRIBUTION COMPANIES OF BANGLADESH	14
PADMA OIL COMPANY LIMITED	20
MEGHNA PETROLEUM LIMITED	21
JAMUNA OIL COMPANY LIMITED	22
MJL BANGLADESH LIMITED	23
MUTUAL FUND: MONTHLY UPDATE	24
BUSINESS NEWSFLASH	26

Economy Update

Inflation continued its downward trend in January, coming down to 6.04% primarily due to falling commodity prices on the global markets. In December, the point to point inflation stood at 6.11%, which was 7.35% in December FY2014. The food inflation on the other hand has risen by 3.58% from the previous month of December to 6.07% in the month of January. This is due to the ongoing political situation that is causing havoc in the supply chain. The non-food inflation went up to 6.48% in December from 5.84% the month before, but dropped to 6.01% in January FY2015. The local economists are anticipating the inflation in the next six months to remain at a moderate level.

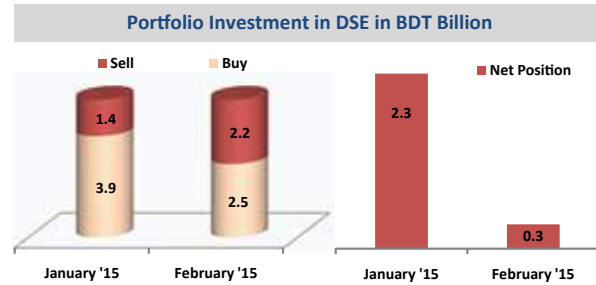


Due to the current ongoing political turmoil, the development programmes are facing slow implementation procedure. The government has decided to cut down the allocation for its annual development programme by 10.35% to BDT 72,000 crore in FY2015. The government's contribution to the ADP might be squeezed by 10.48% to BDT 47,100 crore, while foreign assistance would be cut by 10.10% to BDT 24,900 crore. Despite criticism, the government stated that the number of projects will go up in the revised ADP- from 1,187 projects, to 1,197 in the revised one.

Although **Exports** rose by 5.33% percent year-on-year to USD 2.9 billion in January, by the increased shipment of garments, the sector is anticipating a negative impact from the political turmoil in the following next two or three months. The country's Import growth rose by 21% on a year on year basis in the month of December to USD 4 billion.

Businesspeople had started to open fresh LCs in the first half of the FY2015 after major setback due to the political unrest. Industrial raw materials registered a growth of 4.98% in the seven months of the FY2015 compared with that of a growth of 11.87% in the same period of the FY2014.

Bangladesh's Foreign Exchange Reserve has crossed the USD 23 billion mark due to stable inflow of remittance. The country received USD 889 million remittances in the first three weeks of the month of February FY2015.



Source: IMF and IL Capital Research

Net foreign investment in the Dhaka Stock Exchange (DSE) fell by 86% in February FY2015 compared to January of the same fiscal year as foreign fund managers were in selling spree due to ongoing political turmoil. In total, foreign investors bought shares worth BDT 2.50 billion and sold shares worth BDT 2.19 billion, taking their net investment to BDT 317.40 million in February FY2015.

Banks' **Lending Rate** experienced a four-year low in January FY2015 due to the controlling pressure of Bangladesh Bank to reduce the spread. The weighted average lending rate stood at 12.32% in January, which was 12.46% in the previous month of December FY2015. The deposit rate stood at 7.26% during the month. The state-owned banks re-stated their lending rate as well as deposit rate in January. The lending rate of these banks stood at 11.28% during the month from 10.67% in November while deposit rate settled at 7.19% from 7.08%. The lending rate of private commercial banks fell to 12.82% in January compared to 13.05% in November FY2015. On the other hand, the deposit rate fell slightly to 7.52% from 7.6%.

Geopolitical Risks and Spillover Effect on Bangladesh



Source: Aon Risk Solutions and IL Capital Research

The year 2015 has been started with a number of geopolitical risks which could take big toll on some major economies in the global macro perspective. Specifically, Russia is in big threat due to significant fall in oil price and low international sanctions. According to BBC News, Russia loses ca. USD 2 bn in revenues for every dollar fall in oil price; and if the oil price does not recover, the economy is expected to shrink by 0.7% in 2015. On the other hand, Russia's conflict with the West over Ukraine has crystallized a strict anti-Western Russian foreign policy. The ultimate impact of this could be the emergence of cyber attack, intensified ratting along the NATTO's border and withdrawal from major arms control treaty. Nevertheless, Bangladesh might not be affected directly due to this geopolitical paradigm shift risk.

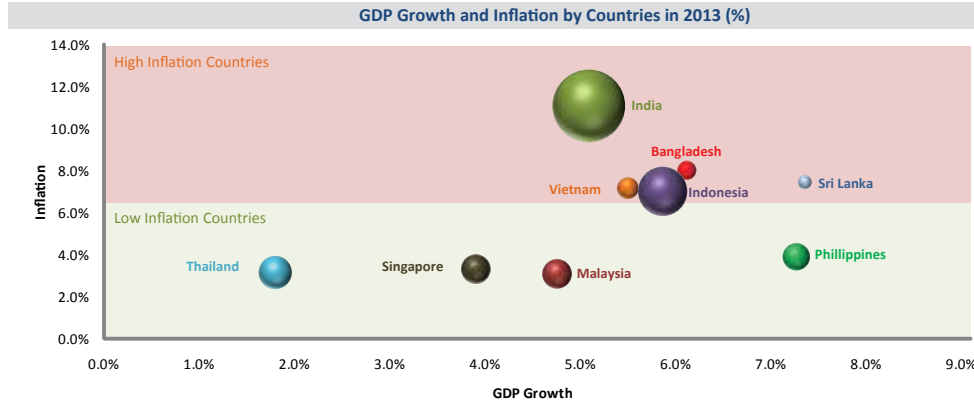
Potential economic slowdown in China and its contagion impact could be another major geopolitical risk factor mainly for commodity exporters to China who have long been benefited from steadily expanding Chinese demand. However, China is a major import source of Bangladesh contributing nearly 30% of total imports. A slowdown in China could have very low potential contagion impact for Bangladesh.

Other major geopolitical risks are conflict and violence in Syria, Iraq and Nigeria; modest increase in interest rates by the Fed and deterioration in European politics driven by increasing popularity of the anti-EU political parties. All these factors could have direct potential contagion impact in the developed economies; but these are less concern for the resilient developing economies like Bangladesh.

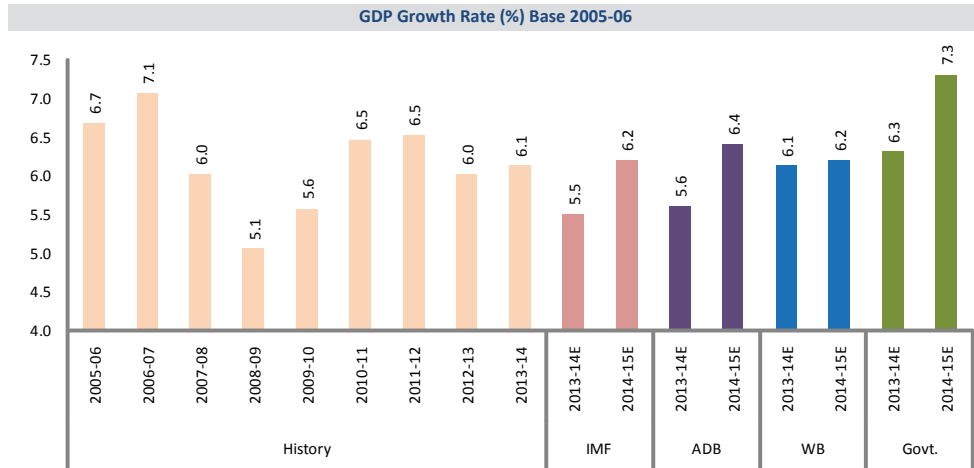
However, the major concern for the country is foreign exchange rate volatility. The Euro has started to fall against major currencies (and also against BDT) driven mainly by potential arrival of deflation in the Eurozone which could be the follow-up of the European central bank's decision to buy government bonds in March 2015. This has caused a serious potential threat for Bangladeshi RMG/Textiles exporters. There is very low possibility for a successful negotiation with the buyers in favor of the exporters if the Euro continues to fall.

Bangladesh was the most resilient economy in South Asia during 2007-08 global economic slowdown when the country was mainly benefited by the trade relocations. If Eurozone continues to struggle for their geopolitical factors, Bangladesh could once again emerge with several more export opportunities.

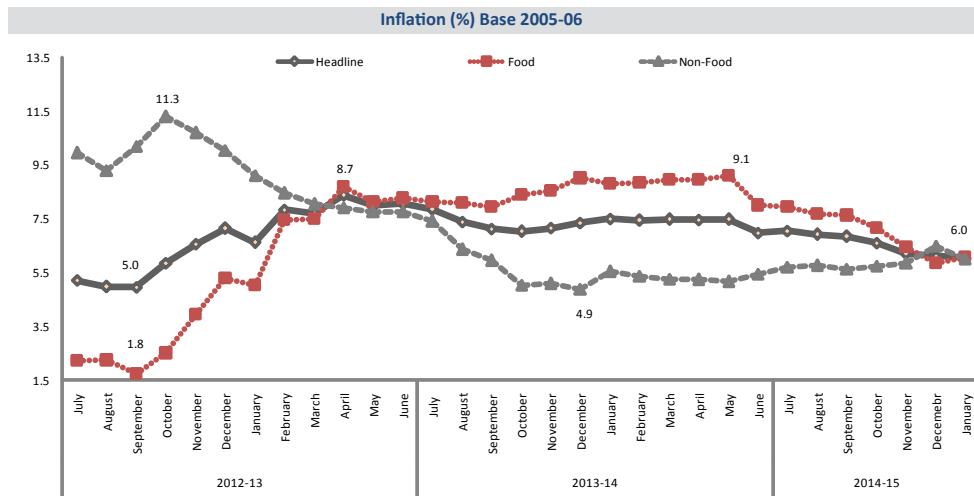
GDP:



Note: Size of the ball represents GDP size (USD in bn) for the respective countries.
Source: World Bank Data and IL Capital Research



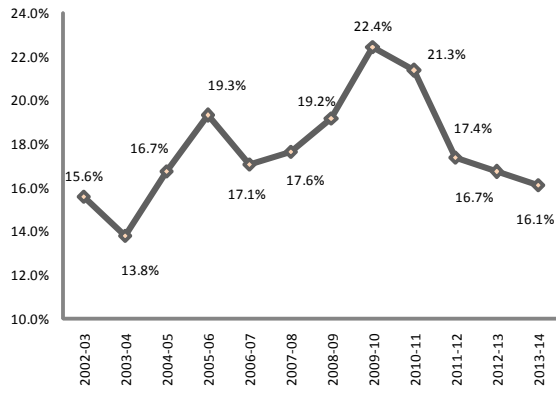
Inflation:



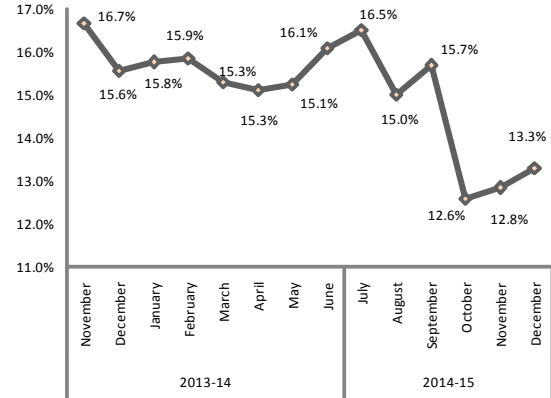
Source: Bangladesh Bank and IL Capital Research

Money Supply:

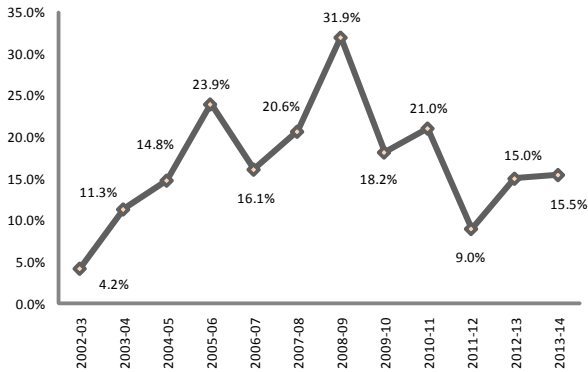
Annual Broad Money Supply (M2) Growth Rate (%)



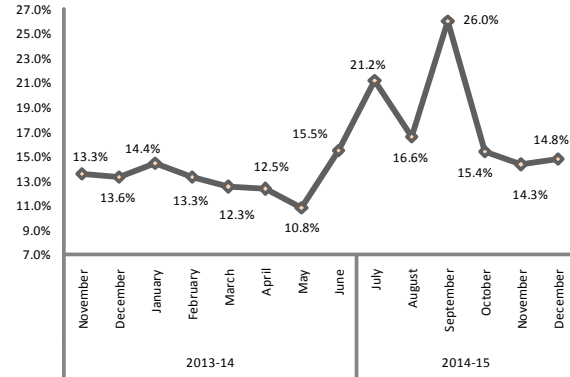
Monthly Broad Money Supply (M2) Growth yoy (%)



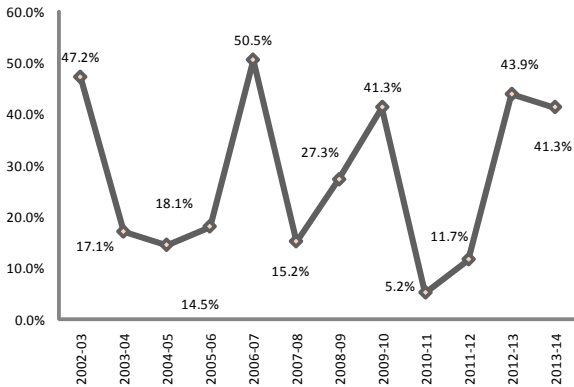
Annual Reserve Money Growth Rate (%)



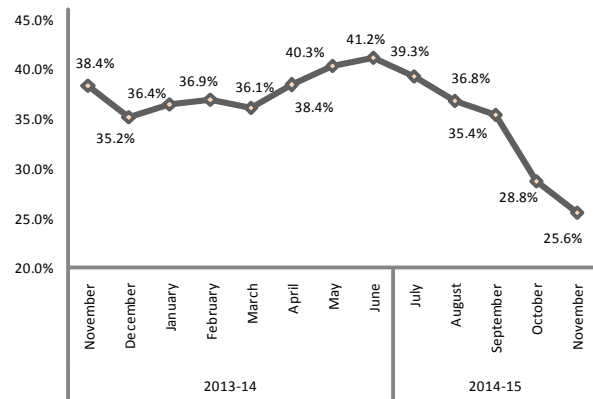
Monthly Reserve Money Growth yoy (%)



Annual Net Foreign Assets Growth Rate (%)

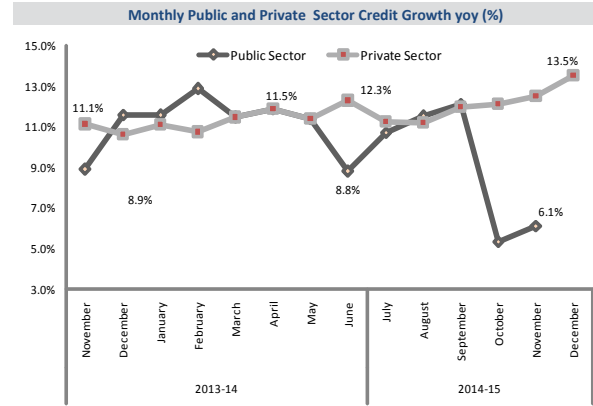
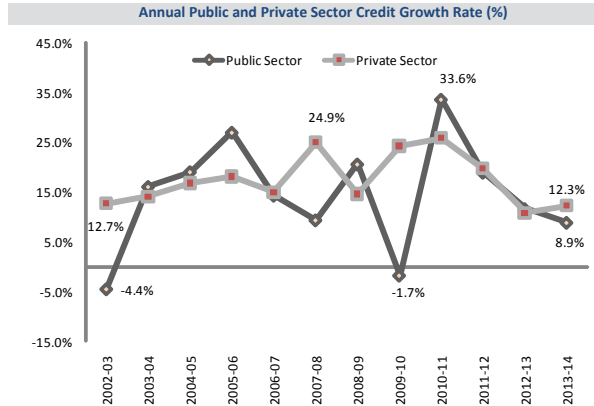


Monthly Net Foreign Asset Growth yoy %



Source: Bangladesh Bank and IL Capital Research

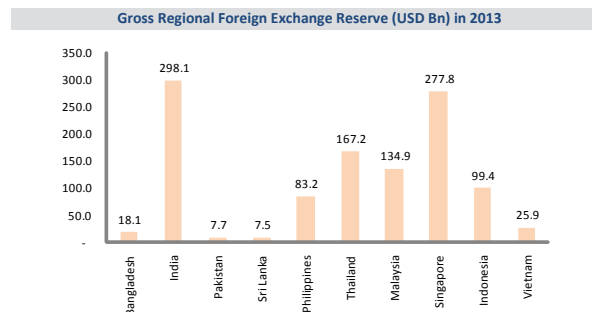
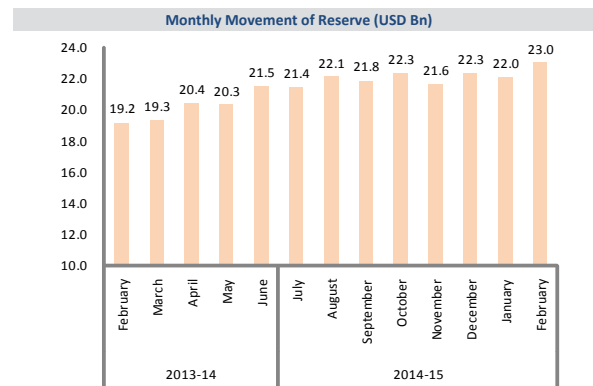
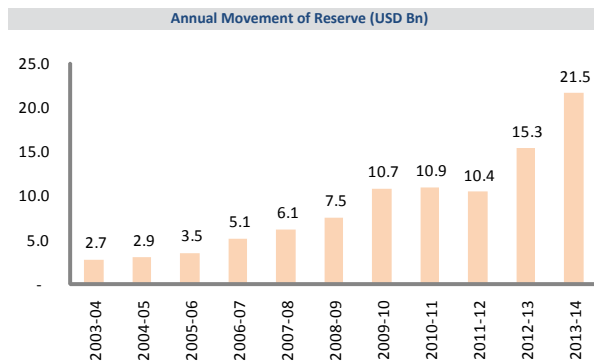
Money Supply (Continued):



Monetary Aggregates Y-o-Y Growth (%)

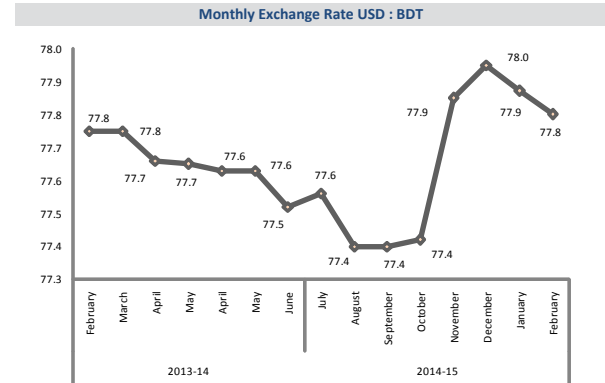
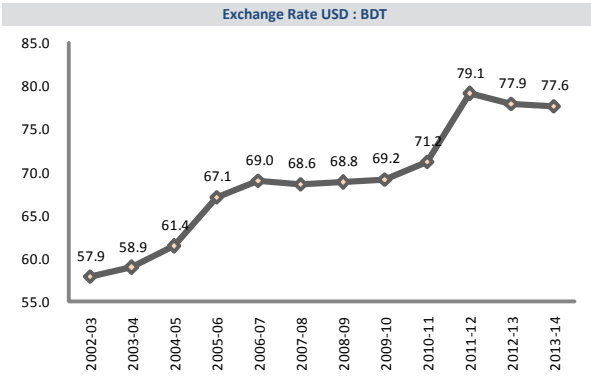
Items	Actual				Program	
	FY11	FY12	FY13	May.14	Dec-14	Jun-15
Net Foreign Assets	6.2	7.2	50.4	39.1	30.3	16.8
Net Domestic Assets	24.7	19.3	11.0	9.9	12.4	16.4
Domestic Credit	28.2	19.2	10.9	10.1	13.8	17.3
Credit to the Public Sector (incl. Govt.)	38.3	17.4	11.1	5.3	12.9	24.8
Credit to the private sector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

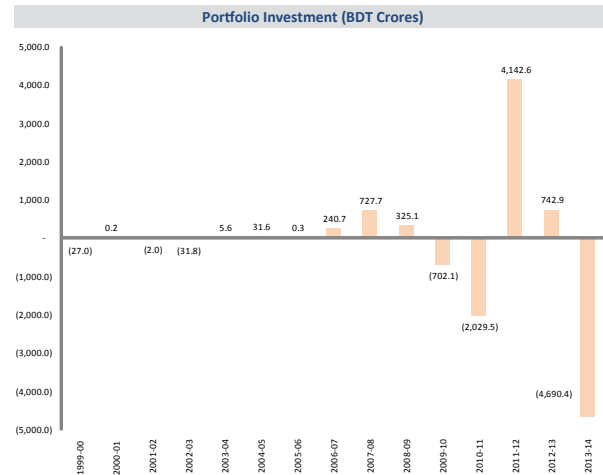
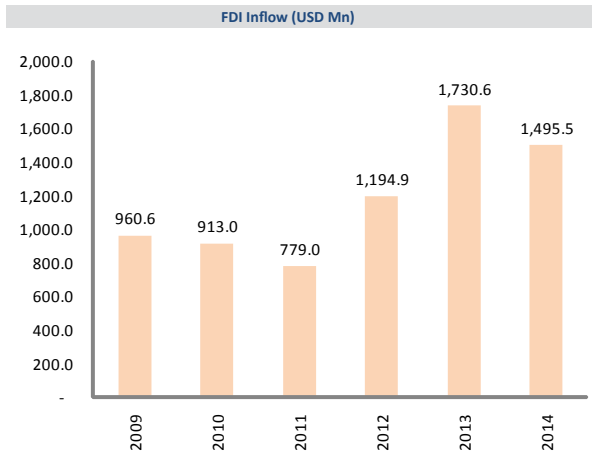


Source: Bangladesh Bank and IL Capital Research

Exchange Rate:

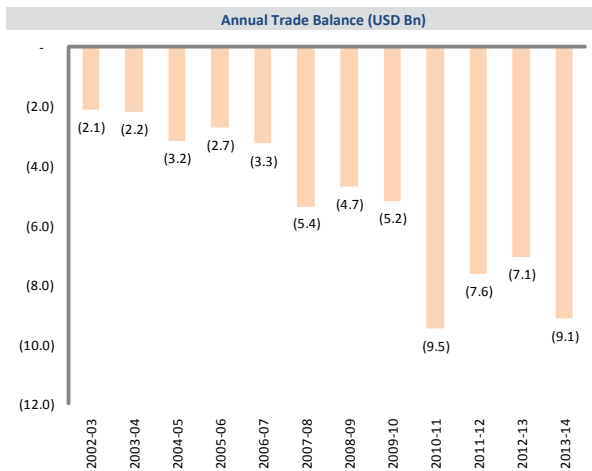


FDI Inflow and Portfolio Investment:

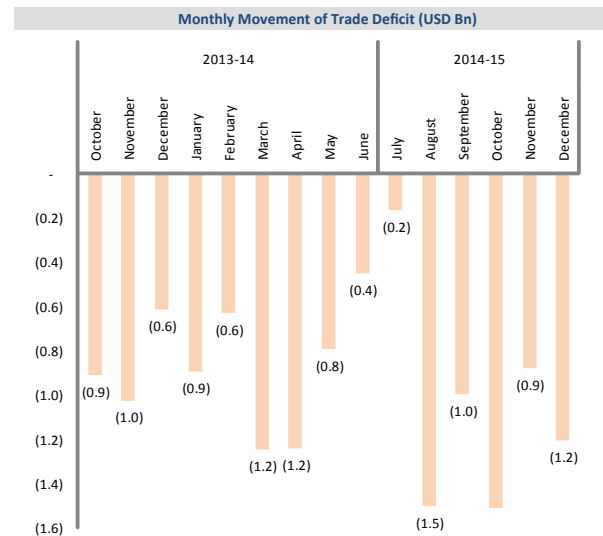


Source: Bangladesh Bank and IL Capital Research.

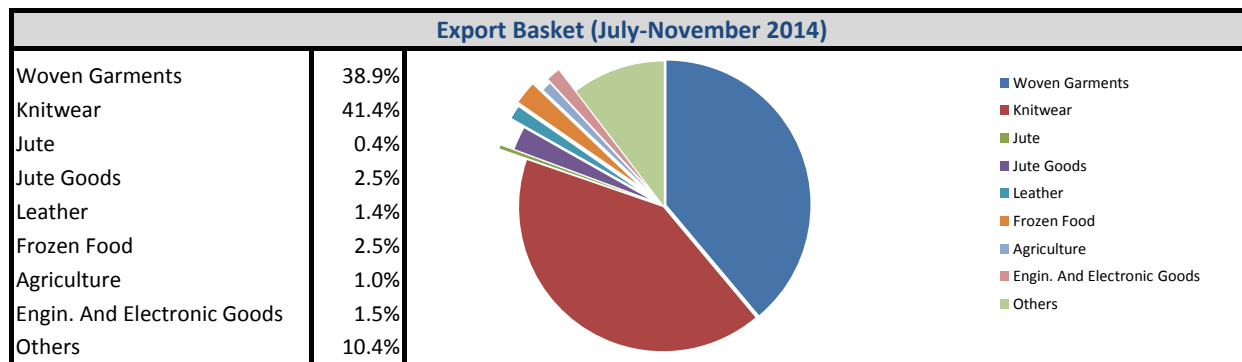
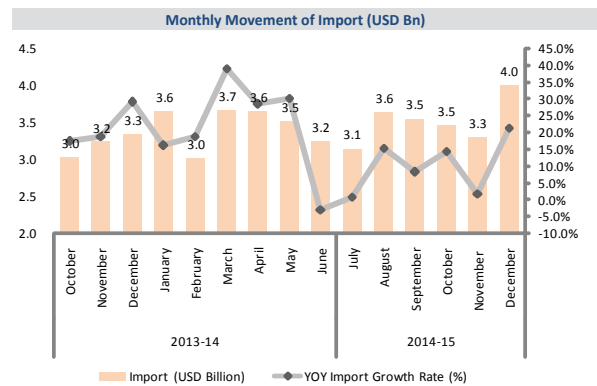
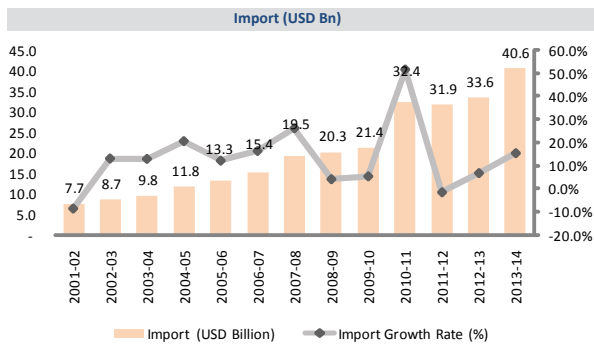
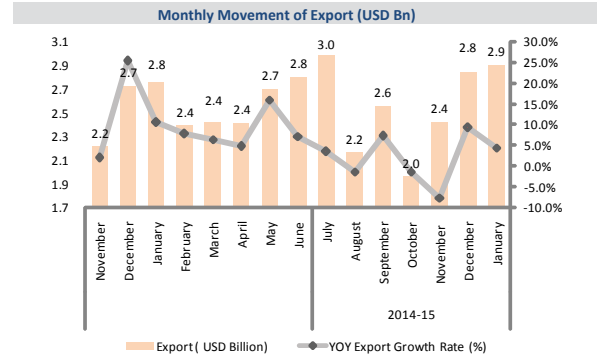
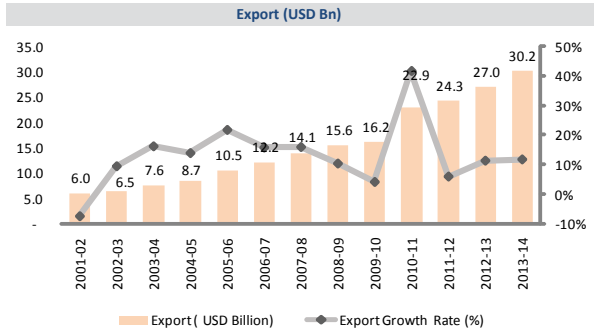
International Trade:



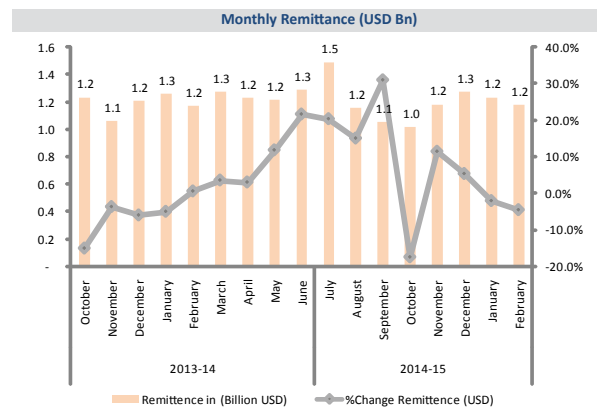
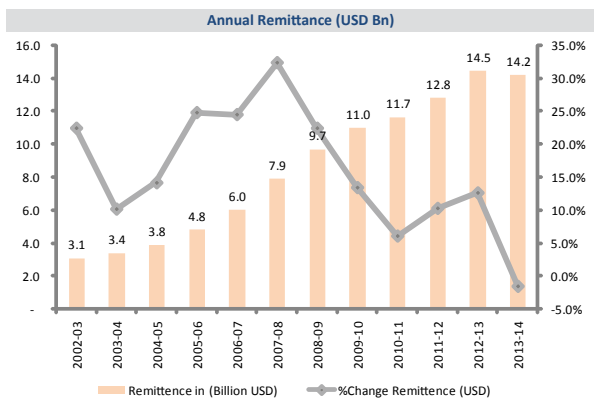
Source: Bangladesh Bank and IL Capital Research



International Trade (Continued):

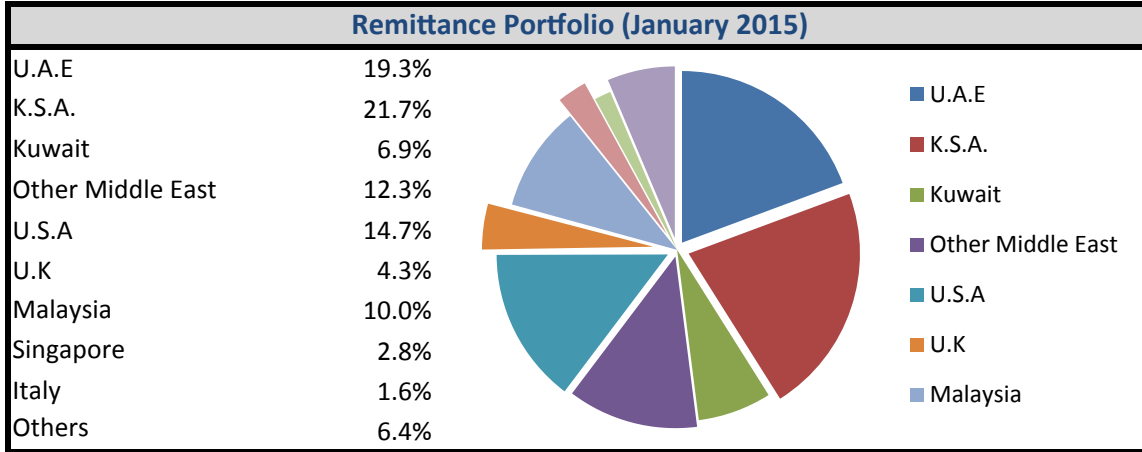


Remittance:

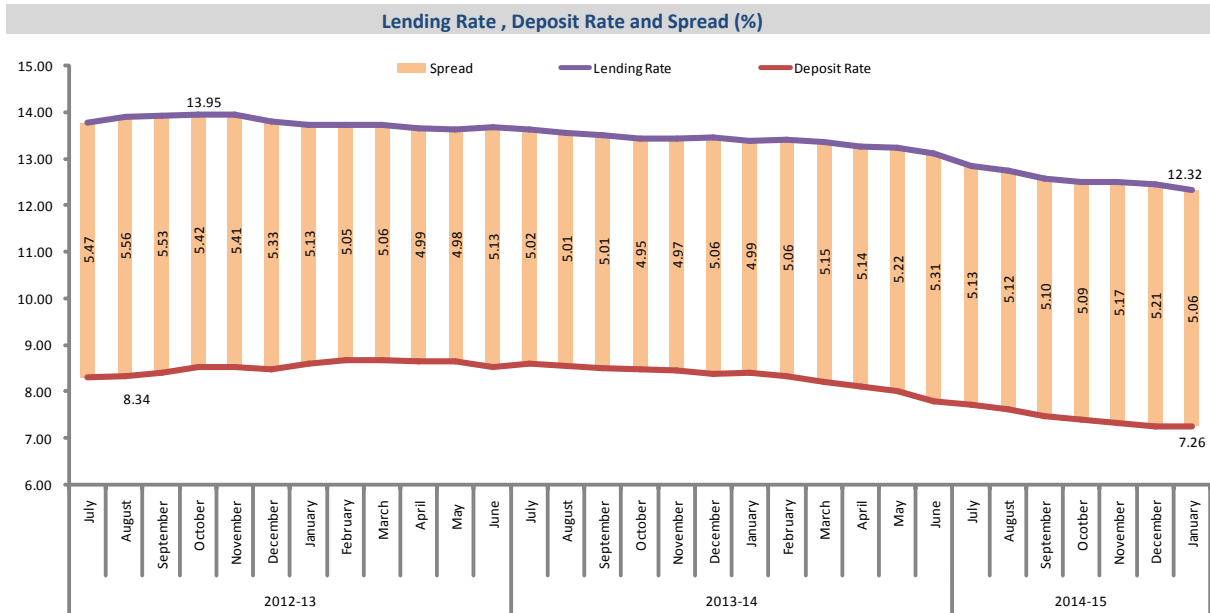
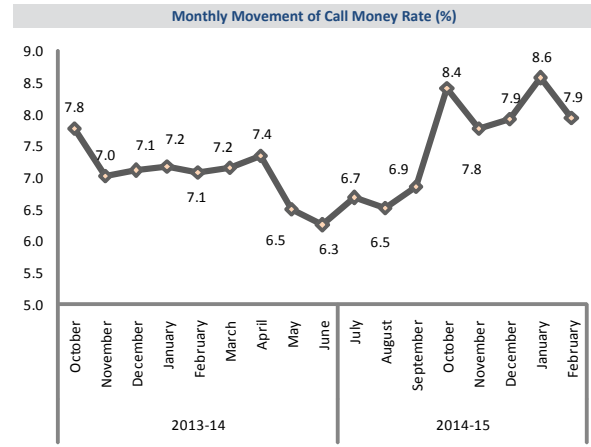
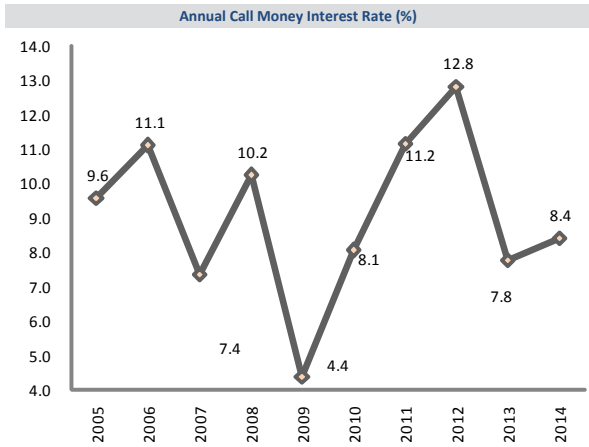


Source: Bangladesh Bank and IL Capital Research

Remittance (Continued):

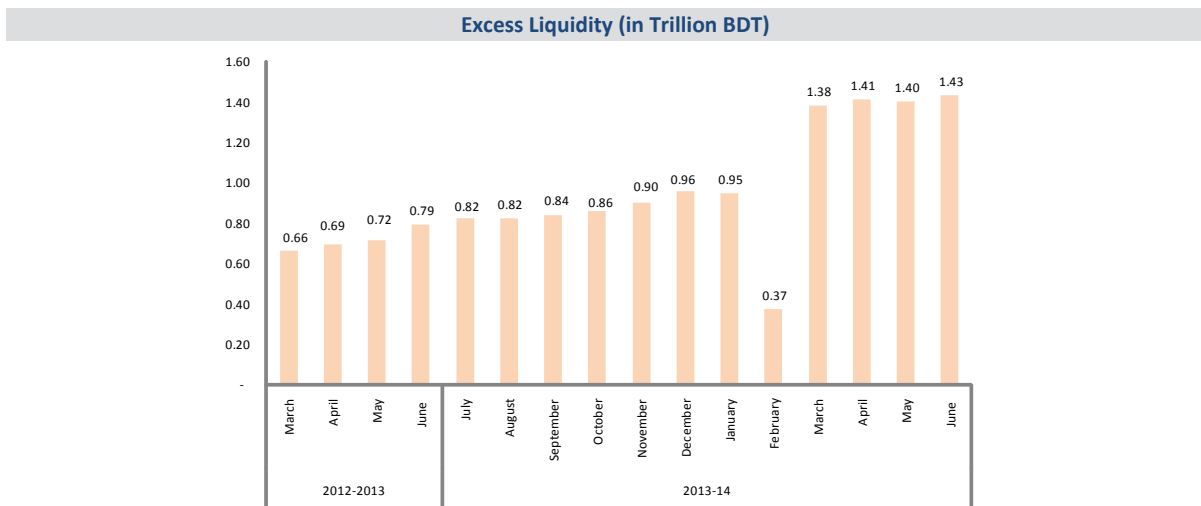
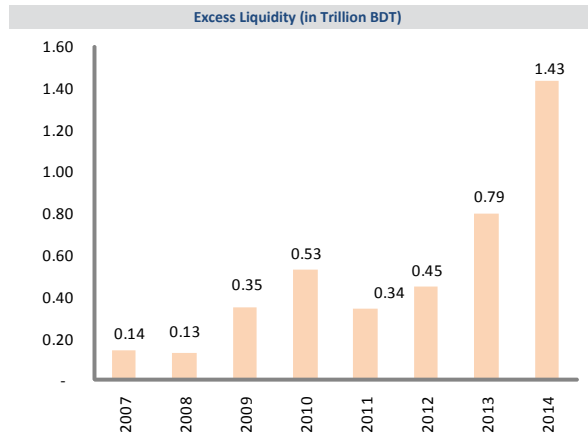


Interest Rate:



Source: Bangladesh Bank and IL Capital Research

Excess Liquidity :



Source: Bangladesh Bank and IL Capital Research



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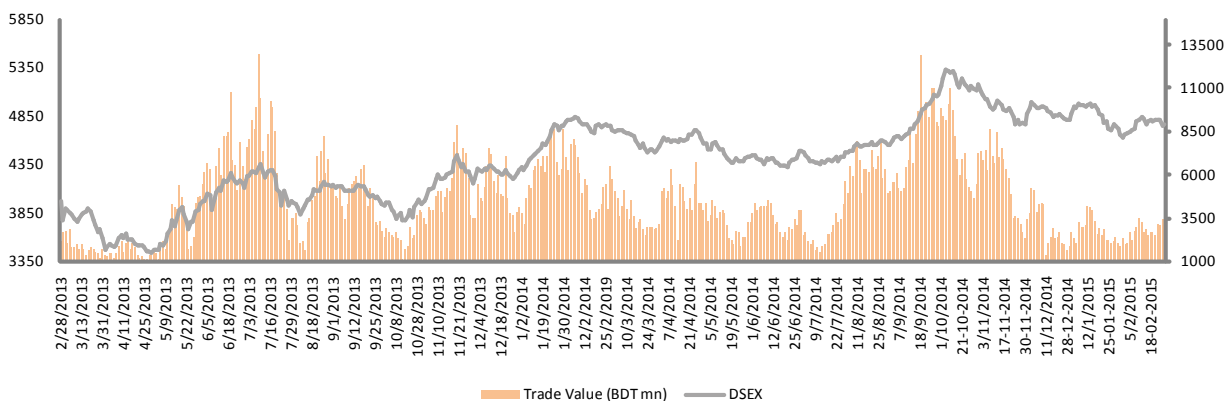
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MARKET UPDATE:

- The benchmark index of Dhaka Stock Exchange (DSEX) was up by 0.8% in February 2015 and down by 2.1% Year-to-Date.
- During the month of February 2015, Market (DSEX) closed up by 0.8%, mainly driven by the up-trend in share prices of Tannery & Footwear, Pharma & Chemical and Foods.
- The major sectors that gained during the month of February 2015 were Tannery & Footwear (9.5%), Pharma & Chemical (7.0%) and Foods (3.0%).
- On the other hand, the major loser sectors were Cements (-4.8%), Real Estate & Services (-2.5%) and Textiles (-2.1%) in February 2015.
- Among the companies traded in the Dhaka Stock Exchange (DSE), IMAMBUTTON (58.2%), RENWICKJA (30.8%), NTLTUBES (29.8%), BANGAS (26.1%) and BSCCL (25.3%) were the top gainers in February 2015.
- On the other hand, major loser companies were NORTHERN (-21.5%), CNATEX (-20.0%), NCCBLMF1 (-18.5%) and GEMINISEA (-17.2%) in February 2015.
- During the month of February 2015 the average daily turnover of Dhaka Stock Exchange was down by 12.7% to BDT 2.48 bn from BDT 2.85 bn in January 2015. Average daily turnover of Tannery & Footwear sector increased by 85.7% followed by Telecommunication (44.1%) and General Insurance (27.9%) in February 2015. However, average daily turnover of Paper & Printing, Textiles, Real Estate & Services and NBFIs sectors declined by 62.3%, 53.3%, 33.4% and 26.1% respectively in the same period.
- There are sectors that have outperformed DSEX Year-To-Date namely Foods by 13.6%, Tannery & Footwear by 11.8%, Pharma & Chemicals by 6.8%, IT by 5.6% and Bank by 5.0% as of February 28, 2015.
- On the other hand, Real Estate & Services, Engineering, Travel & Leisure, Telecommunication and Mutual Funds have underperformed DSEX Year-To-Date as of February 28, 2015 by 14.1%, 6.7%, 5.4%, 4.4% and 4.2% respectively.
- Market capitalization of DSE increased by 1.3% to BDT 2.65 trillion (USD 34.03 billion) as of February 28, 2015 from BDT 2.61 trillion (USD 33.59 billion) in January 31, 2015.

DSEX and Turnover movement in DSE



Sources: DSE and IL Capital Research

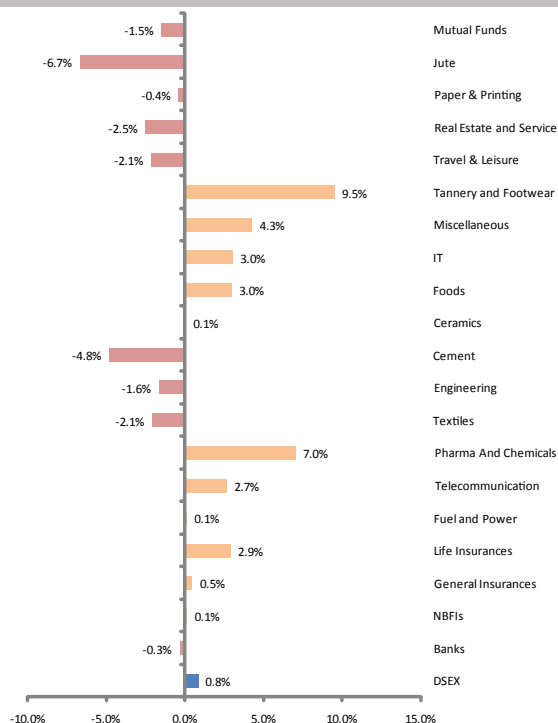
Market Capitalization of DSE

Instruments	28-Feb-15			31-Jan-15			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,616,938.6	33,658.4	98.9%	2,582,836.1	33,219.8	98.9%	1.3%
Mutual Fund	28,641.0	368.4	1.1%	29,069.9	373.9	1.1%	-1.5%
Total	2,645,579.6	34,026.7	100.0%	2,611,906.0	33,593.6	100.0%	1.3%

Note: Exchange Rate USD 1 : BDT 77.75

Source: DSE and IL Capital Research

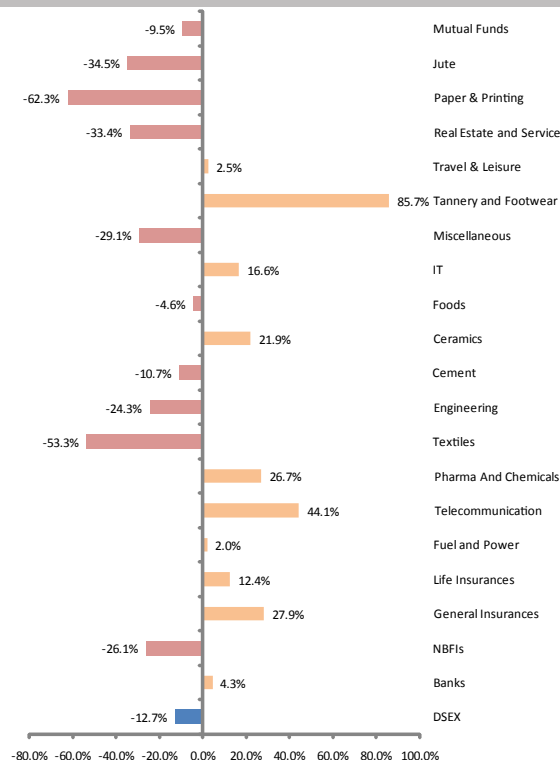
DSEX and Sectors Movement in DSE (Monthly)



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

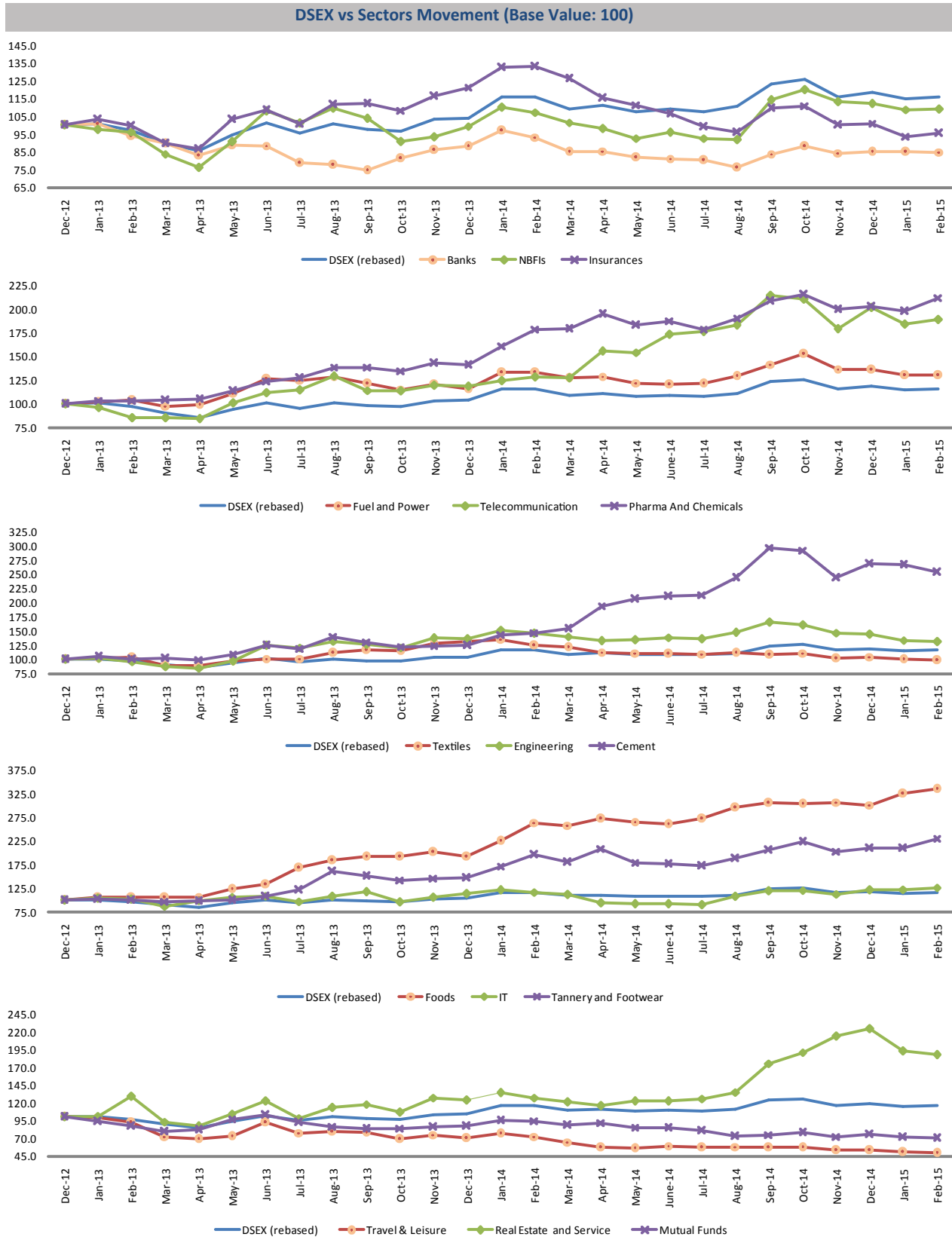
Top Gainers This Month

1	IMAMBUTTON	58.2%
2	RENWICKJA	30.8%
3	NLTUBES	29.8%
4	BANGAS	26.1%
5	BSCCL	25.3%
6	RECKITTBN	22.9%
7	ACI	22.5%
8	USMANIAGL	21.6%
9	GLAXOSMITH	20.8%
10	AMBEEPHA	19.8%

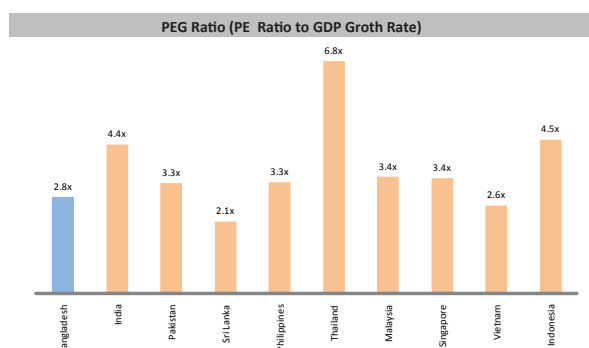
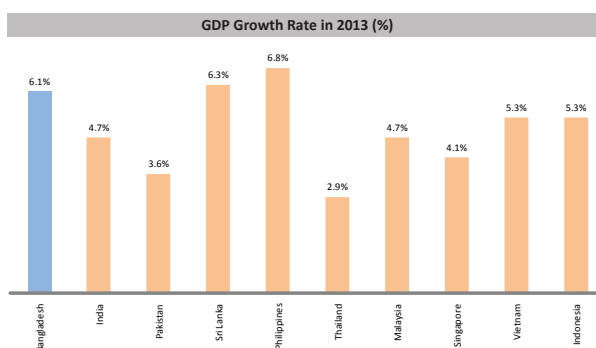
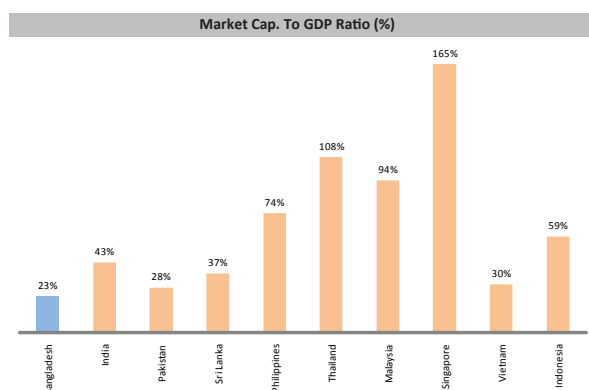
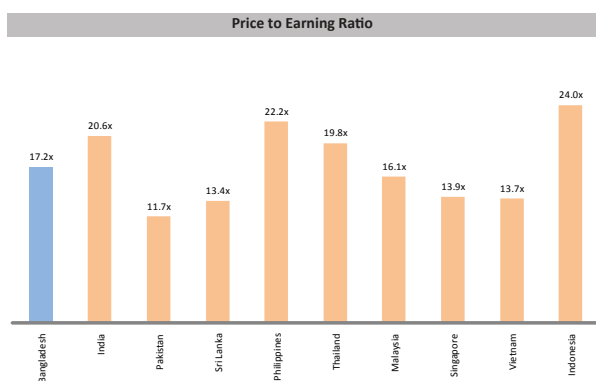
Top Losers This Month

1	NORTHERN	-21.5%
2	CNATEX	-20.0%
3	NCCBLMF1	-18.5%
4	GEMINISEA	-17.2%
5	NFML	-15.6%
6	GSPFINANCE	-15.5%
7	BSC	-14.8%
8	ALLTEX	-14.5%
9	ZEALBANGLA	-14.1%
10	SAMATALETH	-12.5%

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

- As on February 28, 2015, Bangladesh (DSE) is trading at P/E 17.2x which is lower than that of Philippine (22.2x) India (20.6x) and Indonesia (24.0x). However, Bangladesh (DSE) is trading higher than that of Singapore (13.9x), Sri Lanka (13.4x) and Malaysia (16.1x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on February 2015 is 2.8x which is lower than that of Singapore (3.4x), Malaysia (3.4x), Indonesia (4.5x) 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	4,763	4.30K	5.37K	17.2x	2.8x	34.5
India	SENSEX	28,924	20.60K	29.84K	20.6x	4.4x	762.4
Pakistan	KSE100	33,952	25.38K	35.06K	11.7x	3.3x	65.6
Sri Lanka	CSEALL	7,310	5.83K	7.67K	13.4x	2.1x	23.8
Philippines	PCOMP	7,760	6.26K	7.87K	22.2x	3.3x	200.5
Thailand	SET	1,578	1.29K	1.62K	19.8x	6.8x	457.9
Malaysia	FBMKLCI	1,816	1.67K	1.90K	16.1x	3.4x	318.0
Singapore	FSSTI	3,424	3.05K	3.45K	13.9x	3.4x	445.2
Vietnam	VNINDEX	595	0.51K	0.65K	13.7x	2.6x	50.6
Indonesia	JCI	5,432	4.52K	5.43K	24.0x	4.5x	514.1

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

We Dig Through The Bottom...



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FUEL OIL DISTRIBUTION COMPANIES OF BANGLADESH

Bangladesh is blessed with various mineral resources like natural gas, coal etc.; unfortunately, petroleum is not one of them. Therefore, the Country is mostly dependent on import for its one of the most important elements of the economy. Every other sector of the economy is connected, whether directly or indirectly, with the petroleum industry. Considering the importance of this sector the Government had established a statutory body named Bangladesh Petroleum Corporation (BPC) by Ordinance No. LXXXVIII of 1976. Through this organization the Government has ensured its full control over petroleum industry.

Operational Wings:

Bangladesh Petroleum Corporation (BPC) runs its operation with the help of total seven subsidiary companies. Among these, three are oil distribution companies, one is petroleum refinery company, two are lubricant blending companies and one is LP Gas Bottling company. These companies are Padma Oil Ltd. (PADMAOIL), Meghna Petroleum Ltd. (MPETROLEUM), Jamuna Oil Ltd. (JAMUNAOIL), Eastern Refinery Ltd. (ERL), Eastern Lubricants Blenders Ltd. (EASTRN LUB), Standard Asiatic Oil Company Ltd. (SAOCL) and LP Gas Limited (LPGL) .

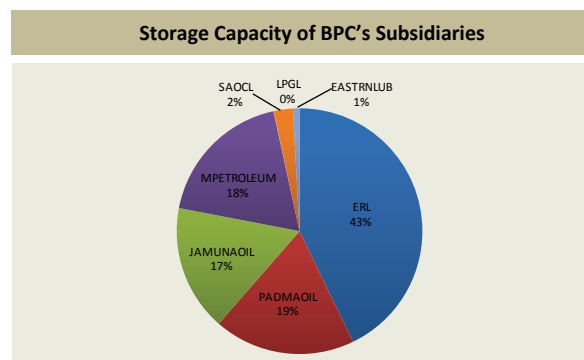
Operation Model:

The Country's demand of petroleum products is mainly sourced by import from different countries and some are sourced from local gas fields. Eastern Refinery Ltd. (ERL) – the largest oil refinery of the country, receives crude oil in it's own storage tanks. ERL conducts necessary procedures to transform crude oils into various finished petroleum products. It also processes natural gas condensate to the tune of 100,000 MT/Year as crude mix. After that, these finished products are delivered to the BPC's distribution companies through pipe lines. BPC also imports refined products.

BPC's Total Storage Capacity:

Currently, BPC has storage capacity of 1.09 million M.Tons. It is now implementing a plan to increase the oil storage capacity to 1.175 million M. Tons within the next couple of years. It has planned to build 26 new oil storage tanks across the country to meet the mounting demands. BPC stores its products through its all subsidiaries.

ERL has the highest capacity ensuring 42.8% of total storage. Three oil distribution companies –PADMAOIL, MPETROLEUM and JAMUNAOIL – provide 19.0%, 18.6% and 16.6% of storage capacity respectively.

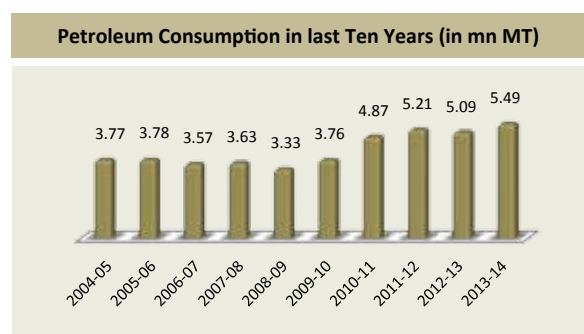


Source: BPC & ILSL Research

Recently, BPC has sought BDT 63.65 billion (US\$816 million) from the Government to double its regular stock of petroleum products to ensure country's energy security under the National Energy Policy.

Demand Scenario:

The demand of petroleum product indicates whether a country is advancing toward economic development. In 1972 the demand of petroleum product was 0.85 million MT in the Country while in 2014 this demand stood at 5.49 million MT. In the last ten years the demand of petroleum product has increased by around 45%. In 2013-14, total consumption of petroleum product was 7.25% higher compared to that of 2012-13.



Source: BPC & ILSL Research

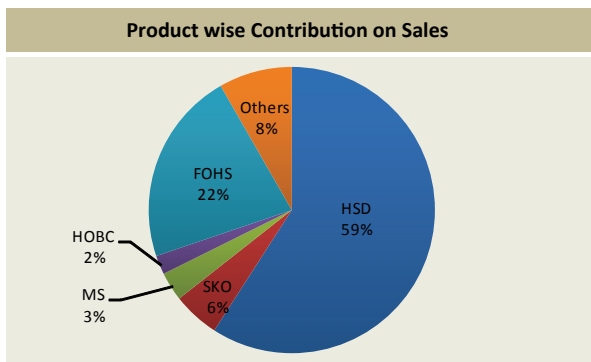
As it can be seen in the last five years the demand of petroleum product increased considerably. The installation of new power plant mainly caused the surge in demand of Diesel and Furnace Oil.

Supply Condition:

Bangladesh is almost entirely dependent on other countries for petroleum or crude oil. Basically the Country imports two forms of oil from different countries. One is crude oil which is processed in the local refineries and other one is refined petroleum products. For the year 2015, the BPC has set a target to import around 5.81 million tons of petroleum products, crude and refined oil products combined which is 7.59% higher than that of 2014. The estimated cost for this import is around USD 5 billion.

Product wise Contribution:

There are several types of petroleum products consumed in the country. However, major usages are concentrated on few products like Diesel, Furnace Oil and Kerosene. According to Bangladesh Petroleum Corporation (BPC) data, 5,484,966 MT petroleum products were sold in 2013-14. Diesel (HSD) was the major product holding around 59% of total sales followed by Furnace Oil (FOHS) (22%) and kerosene (SKO) (6%).

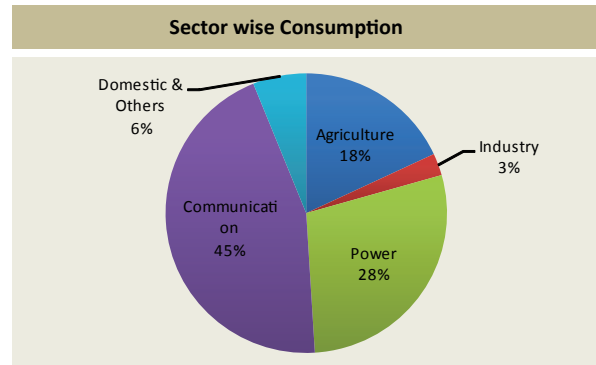


Source: BPC & ILSL Research
*HSD=Diesel, FOHS= Furnace Oil, SKO= Kerosene, MS= Petrol
HOBC= Octane

Diesel is primarily used in transport sector, irrigation and electricity producing generators. As a result, Diesel is the highest consumed products in the country. The second most used products is Furnace Oil which is used solely as fuel for burning in furnaces and boilers while SKO or kerosene is mostly used for illumination and as cooking fuel.

Sector Wise Usage:

Almost every sector in the economy is intertwined, whether directly or indirectly, with petroleum products. Still, we can categorize the usage into some major sectors.



Source: BPC & ILSL Research

BPC data revealed that, in the year 2013-14, communication was the leading petroleum products consuming sector of the Country. Around 45% of was consumed by this sector. Almost every kind of major petroleum products are used in communication sector.

Power generation was the second petroleum consuming sector with 28% of consumptions followed by agriculture sector (18%), domestic & other usages (6%) and industrial usages (3%). For power plant, furnace oil and diesel are the main products. Agriculture and industrial sector mainly use diesel whereas domestic sector primarily uses kerosene.

Division wise usage:

The consumption of petroleum products is not equal in the different parts of the Country. Dhaka division, the capital of the country, consumed mostly with 42.0% consumptions of petroleum products. After Dhaka Division, petroleum products are mostly consumed in port city Chittagong division and industrial city Khulna division respectively. Other divisions i.e., Rajshahi (10.7%), Rangpur (5.8%), Barisal (3.1%) and Sylhet (3.0%) also consume petroleum products as required.

Fuel Oil Distribution Companies:

Among the seven subsidiaries of Bangladesh Petroleum Corporation (BPC), three companies are involved in oil marketing and distribution activities. These companies are Padma Oil Company Ltd., Meghna Petroleum Ltd. and Jamuna Oil Company Ltd. These three companies are also listed into the Country's capital market.

Operating Procedure:

The operating procedure for all the oil distribution companies is pretty much same. These companies collect refined petroleum through pipe lines in their respective main installation from Eastern Refinery Ltd. Some refined products are imported directly. Then these oil distribution companies disseminate petroleum products from their respective Main Installation (MI) facilities to all over the country through their distribution networks. These companies cannot fix the price of its products. The reported income i.e., the margin is also fixed by the Government on basis of quantity sold.

Product Basket:

Padma oil offers relatively more products compared to its other two concerns. Products like, Jet A-1 fuel, Light Diesel Oil (LDO), Mineral Turpentine (MTT) and Special Boiling Point Solvent (SBP) are only offered by Padma oil. Other products are pretty much similar for the three companies. These companies report Diesel, Octane, Petrol, Furnace Oil, Kerosene etc. as major products and Lubricants, LPG, Bitumen etc. as minor products.

Particulars	PADMAOIL	MPETROLEUM	JAMUNAOIL
Major Products	10	6	6
Earnings Contribution	93.7%	78.0%	84.0%
Minor Products	4	4	3
Earnings Contribution	6.3%	22.0%	16.0%

Source: Annual Reports & ILSL Research

Market Share:

Currently, Meghna Petroleum Ltd. is the market leader among the three companies holding 35.25% market share on the basis of product sold. Previously Padma oil held that position.

From the year 2011-12 market share of Meghna Petroleum was increasing. The newly installed power plants swelled the demand of Diesel and Furnace Oil which in turn ensured greater market share of Meghna Petroleum Ltd.

Particulars	2011-12	2012-13	2013-14
PADMAOIL	34.18%	33.00%	33.22%
MPETROLEUM	33.02%	36.15%	35.25%
JAMUNAOIL	32.00%	29.98%	29.75%

Source: Annual Reports & ILSL Research

Storage Capacity:

As per BPC data, PADMAOIL has the highest storage capacity among three oil distribution companies followed by MPETROELUM and JAMUNAOIL. These oil distribution companies have 53.7% of the BPC's total oil storage capacity. As per BPC's data, storage capacity of these companies is –

Particulars	PADMAOIL	MPETROLEUM	JAMUNAOIL
Storage Capacity	203,092 MT	202,512 MT	181,078 MT
% of BPC's Total Storage Capacity	18.6%	18.5%	16.6%

Source: BPC & ILSL Research

Main installations of these companies are in Patenga Chittagong. Petroleum products are stored in these facilities along with other depots located all over the Country.

Mode of Transportation:

Petroleum products are distributed to all over the country by three transportation modes. Due to higher capacity and cost effectiveness river is the first choice. All three companies transport around 90% products by river. Other two transportation modes are by railway and by road. Around 8% products are transported by railway whereas rest 2% is carried through road.

Particulars	PADMAOIL	MPETROLEUM	JAMUNAOIL
By River	90%	82%	88%
By Railway	8%	6%	10%
By Road	2%	12%	2%

Source: Annual Reports, Websites & ILSL Research

Shareholding Structure:

All three oil distribution companies are subsidiary of Bangladesh Petroleum Corporation (BPC). Therefore majority shares are held by the Government. Rests of the shares are held by Institutions and General Public. As on 30 June 2014, shareholding structure of these companies were as follows –

Particulars	PADMAOIL	MPETROLEUM	JAMUNAOIL
Government	50.35%	58.67%	60.08%
Institute	23.76%	20.56%	24.73%
Public	25.89%	20.77%	15.13%
Foreign	-	-	0.06%
Total	100.00%	100.00%	100.00%

Source: DSE Website & ILSL Research

A Closer Look into the Income Sources:

The oil distribution companies generate income from operating sources as well as non-operating sources. Unlike other firms, both income sources play vital role on these companies performance. Therefore, these items are examined carefully.

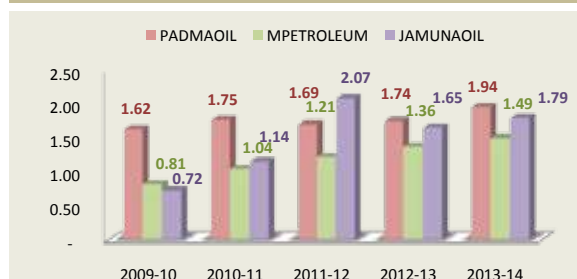
Comparison of Operating Income:

Operating earnings of these companies are primarily generated from selling petroleum products. Apart from core operations, these oil companies are involved in some other activities as well. For example, PADMAOIL has business in agro chemical products as well as generates operating income by providing services to Eastern Lubricants and Blenders Ltd., Private Power Stations and BPC.

In 2013-14, 4.5% of total operating income of PADMAOIL was generated from other services. Operating income of MPETROLEUM is entirely dependent on its core operation i.e., selling petroleum products. Meanwhile, JAMUNAOIL receives commission and service charges from products handling services, Profit/Loss on operation of Tanker MT Jamuna and other services. In 2013-14, 17.7% of total operating income of JAMUNAOIL was generated from other revenue sources.

The 5 Year CAGR (Compound Annual Growth Rate) of operating income of Padma Oil, Meghna Petroleum and Jamuna Oil are 8.7%, 19.1% and 25.2% respectively.

Last 5 Years Operating Income (in BDT billion)



Source: Annual Reports & ILSL Research

Due to additional income from other sources, PADMAOIL and JAMUNAOIL generally witness higher operating income than that of MPETROLEUM.

Non-Operating Income:

Non-Operating income plays vital role for these companies. Substantial amount of FDR investment generates sizeable non-operating income. For the last couple of years, cash & cash equivalents accounted, on an average, 30% of total assets for these companies. Almost all the cash holding is invested in FDR. In 2013-14, 'cash & cash equivalent' holding of these companies are as follows –

Particulars	PADMAOIL	MPETROLEUM	JAMUNAOIL
Cash & Cash Equivalents	BDT 25,602 mn	BDT 16,117 mn	BDT 10,204 mn
As % of Total Assets	28.4%	33.6%	32.5%

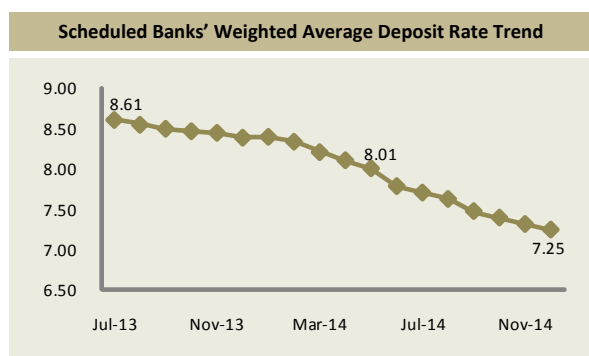
Source: Annual Reports & ILSL Research

Under this circumstance, oil distribution companies are enjoying higher income from non-operating sources than that of operating sources. In 2013-14, non-operating income, as a percentage of operating income, was as follows –

Particulars	PADMAOIL	MPETROLEUM	JAMUNAOIL
Operating Income	BDT 1,944.6 mn	BDT 1,488.0 mn	BDT 1,786.8 mn
Non-Operating Income	BDT 2,285.9 mn	BDT 2,627.5 mn	BDT 2,120.9 mn
As % of Operating Income	117.6%	176.6%	118.7%

Source: Annual Reports & ILSL Research

Since oil distribution companies generate substantial amount of income from FDR interest, interest rate of banks on deposit is a vital issue for these companies. On July 2013, scheduled bank's weighted average interest rate on deposit was 8.61% which dropped to 7.79% on June 2014. Up to six months (Jul – Dec) of FY 2014-15, weighted average deposit rate has continued its downward drift. Such trend will cause relatively lower interest income for these company.

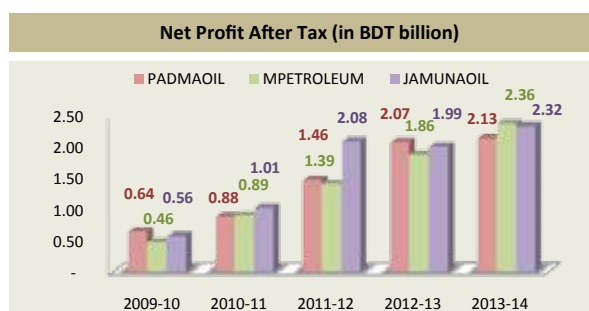


Source: Bangladesh Bank & ILSL Research

Although insignificant, oil companies also generate income from commission and service charges, rent, dividend income etc.

Net Profit After Tax:

In 2013-14, all three companies registered growth in net profit after tax. Particularly, MPETROLEUM reported 26.6% growth mainly due to growth in non-operating income. In the last five years net profit after tax of these companies are presented below –

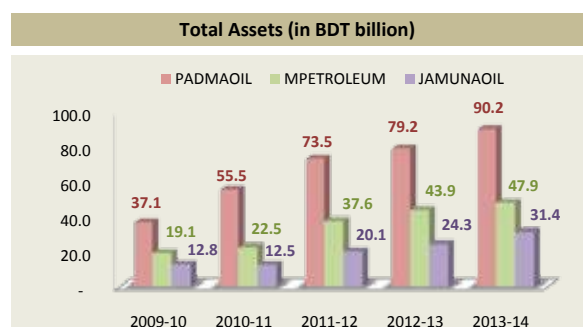


Source: Annual Reports & ILSL Research

In 2014-15 half-yearly financial statements reported that, net profit after tax of PADMAOIL, MPETROLEUM and JAMUNAOIL was BDT 0.88 billion, 1.07 billion and 1.17 billion respectively.

Asset Size:

The core business of these oil distribution companies is similar however their asset base differs substantially from one another. In the last five years total assets size of these companies are presented below –



Source: Annual Reports & ILSL Research

Total assets composition of these companies is pretty much similar. A better understanding can be developed from the following table –

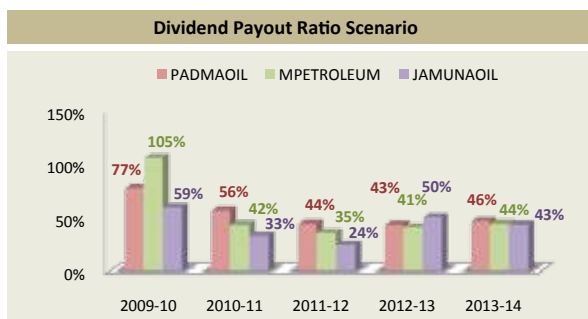
Particulars	2010	2011	2012	2013	2014
PADMAOIL					
Non-Current	1.3%	0.9%	0.9%	1.2%	1.4%
Investment	0.0%	0.0%	0.0%	0.0%	0.0%
Current	98.7%	99.1%	99.1%	98.8%	98.6%
MPETROLEUM					
Non-Current	2.0%	2.0%	1.7%	1.8%	2.0%
Investment	0.3%	0.2%	0.1%	0.1%	0.1%
Current	97.7%	97.8%	98.2%	98.1%	97.9%
JAMUNAOIL					
Non-Current	2.1%	2.6%	2.6%	2.6%	2.3%
Investment	1.4%	1.4%	14.1%	33.7%	29.0%
Current	96.5%	96.0%	83.3%	63.7%	68.7%

Source: ILSL Research

As recognizable on the above table, significant portion of total assets of these companies are invested in current assets particularly in cash and A/C receivables. Storage Tanks and Building are their primary fixed assets for these companies. Unlike other two firms Jamuna Oil has substantial investment in other companies – MJLBD (19.45%) and Omera Fuels Ltd. (25%), which caused the diversity in the total assets composition.

Dividend History:

All these oil distribution companies of the Country have been paying handsome dividends over the period. Generally, Padma oil exhibited higher dividend payout ratio than that of other two. A comparison of dividend payout ratio of these companies is presented here –



Source: DSE Website & ILSL Research

Oil companies are paying dividends in the form of both cash and stock. But in recent periods, cash dividend is more dominant. In the last five years dividend history of these firms are as follows –

Particulars	2010	2011	2012	2013	2014
PADMAOIL					
Cash	50%	50%	65%	90%	100%
Stock	50%	50%	35%	10%	-
Total	100%	100%	100%	100%	100%
MPETROLEUM					
Cash	45%	35%	45%	70%	95%
Stock	5%	30%	30%	20%	10%
Total	50%	65%	75%	90%	105%
JAMUNAOIL					
Cash	30%	30%	45%	90%	90%
Stock	20%	30%	30%	10%	10%
Total	50%	60%	75%	100%	100%

Source: DSE Website & ILSL Research

As evident, in the last five years Padma oil offered stable total dividend of 100%. It also noticeable that, the company is offering more cash dividend in the recent periods. MPETROLEUM has exhibited increasing dividend trend with giving more attention for cash dividend. JAMUNAOIL also displayed growing dividend tendency; however, in the last two years it declared similar dividend.

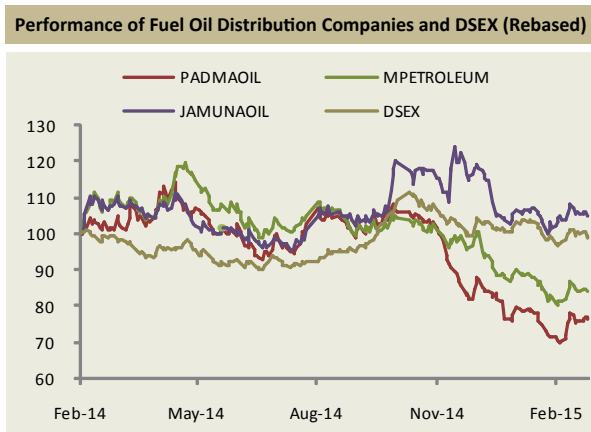
Impact of drop in Fuel Oil Price in the International Market:

Back in June 2014 the price of crude oil was USD 115 per barrel which dropped to USD 47 per barrel in January 2015. Recently the price has increased to around USD 60. Despite the fact of declining oil price in the international market, so far Bangladesh Government did not take any attempt to cut the oil price in the local market.

These oil distribution companies have no control over the price fixing of its products. These companies record 'Purchase' while receiving supply and record 'Sales' while making delivery of the same. The reported income i.e., the margin is also fixed by the Government on basis of quantity sold. Therefore, the oil distribution companies have no impact on its earnings due to price fluctuation at international level. On the Contrary, BPC is going to enjoy the benefit. As it can procure petroleum products at lower cost from international market and sell the same at higher price at local market. In July-Dec of FY 2014-15, BPC earned a profit of BDT 1.50 billion.

Performance of the Fuel Oil Distribution Companies in the DSE:

A performance comparison of these oil distribution companies and the broad index – DSEX in the last one year is as follows –



Source: DSE Website & ILSL Research

In this issue we covered all three oil distribution companies in the DSE. These are – Padma Oil Company Ltd. (PADMAOIL), Meghan Petroleum Ltd. (MPETROLEUM) and Jamuna Oil Company Ltd. (JAMUNAOIL). Since MJLBD is a listed subsidiary of JAMUNAOIL as well as holds one of the largest market capitalization in the fuel & power sector, MJLBD is also covered.

PADMA OIL COMPANY LIMITED

Company Overview

Padma Oil Company Ltd. (PADMAOIL), a subsidiary of Bangladesh Petroleum Corporation (BPC), was established on 27 April 1965. The primary activities of the Company are the procurement, storage and marketing of Petroleum products, Lubricants, Greases, Bitumen and Liquefied Petroleum Gas (LPG) in Bangladesh. In addition, the Company is also involved in manufacturing Agro Chemicals (Furadan) in its Granular Pesticides Formulation plant and markets Furadan together with other imported agro-Chemicals products.

The current storage capacity of the Company is 214,000 M. Tons. There are 10 major products and 4 minor products offered by the Company. In 2013-14, market share of PADMAOIL was 33.22%. Around 90% of its products are transported by river due to cost effectiveness. In 2013-14, the Company handled 1.83 MT products which were 8.35% higher than that of last year.

In 2013-14, PADMAOIL registered 12.1% growth in total operating income. Non-operating income was 117.6% of operating income.

The Company was enlisted with the DSE and the CSE on 1976 and 1995 respectively. Around 50.35% of shares are held by Government whereas 25.88% and 23.77% of shares are held by General and Institutional investors respectively.

Investment Insight

- The Company has signed a Memorandum of Understanding (MOU) with Glencore Singapore Pvt. Ltd. for setting up Condensate Fractionation Plant under a joint venture.
- It has set plant to increase storage capacity at several depots. It is expected that, after completing all the projects, capacity will increase by 24.76% to 267,000 MT which ultimately may enhance company's profitability.
- PADMAOIL is going to establish underground Pipeline from proposed Railway siding to Kurmitola Aviation Depot. Furthermore, to meet additional demand of refueling at HajratShahjala (R:) airport construction of Hydrant Line is continuing which is expected to be completed by 2015.
- The Company is going to construct several multistoried commercial building on its own land which might generate income from rent.

DSE: PADMAOIL

BLOOMBERG:PADMAO:BD

Company Fundamentals, as on 26 February, 2015

Market Cap (BDT mn)	24,450.1
Market weight	0.9%
No. of Share Outstanding (in mn)	98.2
Free-float Shares	49.6%
Paid-up Capital (BDT mn)	982.3
3-month Average Turnover (BDT mn)	14.1
3-month Return	-6.3%
Current Price (BDT)	248.9
52-week price range (BDT)	226.1-376.5
Sector's Forward P/E	12.8

	2011-12	2012-13	2013-14	2014-15 (6m Ann.)
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Financial Information (BDT mn):				
Revenue	1,520	1,503	1,838	1,924
Operating Profit	849	820	820	1,233
Non-operating Income	1,547	2,399	2,285	1,363
Profit After Tax	1,463	2,067	2,127	1,768
Assets	73,489	79,185	90,223	93,523
Equity	4,330	5,967	7,290	8,175
Dividend (C/B)%	65/35	90/10	100/-	-/-

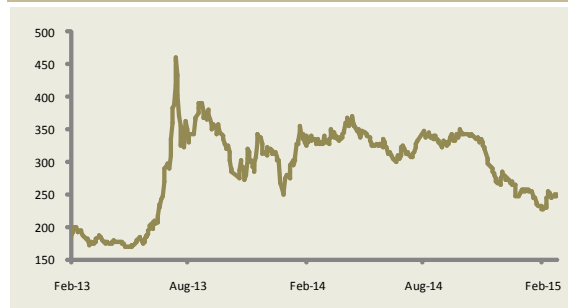
Margin*:				
Operating Profit	55.9%	54.6%	44.6%	64.1%
Net Profit	96.2%	137.5%	115.7%	91.9%

Growth:				
Revenue	1.2%	-1.1%	22.3%	4.7%
Operating Profit	23.8%	-3.4%	0.0%	50.4%
Non-operating income	135.2%	55.1%	-4.7%	-40.4%
Profit After Tax	66.9%	41.3%	2.9%	-16.9%

Profitability:				
ROA	2.3%	2.7%	2.5%	1.9%
ROE	38.7%	40.1%	32.1%	22.9%

Valuation:				
Price/Earnings	18.7	13.9	14.9	13.8
Price/BV	6.3	4.8	4.3	3.0
EPS (BDT)	16.4	21.0	21.7	18.0
DPS (BDT)	6.5	9.0	10.0	-
NAVPS (BDT)	48.5	60.7	74.2	83.2

Last Two Year's Price Movement (BDT)



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

MEGHNA PETROLEUM LIMITED

Company Overview

Meghna Petroleum Limited (MPETROLEUM), a subsidiary of Bangladesh Petroleum Corporation (BPC), was incorporated on December 27, 1977 by taking over all the fixed asset of former Meghna Petroleum Marketing Company Ltd. and Padma Petroleum Ltd. The principle activities of the Company comprise the procurement, storage and marketing of Petroleum Oil and Lubricating products, Bitumen and Liquefied Petroleum Gas (LPG) in Bangladesh.

MPETROLEUM has developed total storage capacity of 178,703 M. Tons including 104,635 M. Tons at main installations and 74,068 M. Ton at 11 up-country depots with auto-gauging system facility which ensure efficient measurement of the product's storage and checking pilferage.

In 2013-14, the Company was market leader with 35.25% market share. Particular product wise, it has market share of 38.66% in Fuel, LPG & Bitumen and 46.06% in Lubricants among 3 oil marketing companies. About 25.2% of net revenue was consisted of Superior Kerosene Oil followed by Octane (HOBC) (23.2%) and Bitumen (20.9%). The Company conducted its operation through 614 Filling Stations, 181 Packed Point Dealers, 1,190 Agents and 1,277 LPG Dealers.

The Company was enlisted with the DSE and the CSE on November 14, 2007 and December 02, 2007 respectively, off-loaded 30% shares under direct listing procedure. Around 58.67% of shares are held by Government whereas 20.77% and 20.56% of shares are held by General and Institutional Investors respectively.

Investment Insight

- The Company has taken a project to set up a lube blending plant at its main installation. The plant capacity is 15,000 MT while the estimated cost of the project is BDT 200 million.
- It has taken another project to construct LPG bottling plant and bottle manufacturing plant with a capacity of 100,000 on 14 acres of own land at Mahassorphasa, Khulna.
- The Company has planned to increase its capacity of Petroleum, Oil and Lubricant (POL) product storage tank by 4,500 M.T at main installation.
- It has also planned to increase the capacity of POL product storage tank by 1,000 M.T at Monglabazar Depot. Sylhet.
- The Company is going to construct several multistoried commercial building on its own land which might generate income from rent.

DSE: MPETROLEUM
BLOOMBERG: MPL:BD

Company Fundamentals, as on 26 February, 2015

Market Cap (BDT mn)	21,740.6
Market weight	0.8%
No. of Share Outstanding (in mn)	108.2
Free-float Shares	41.3%
Paid-up Capital (BDT mn)	1,082.2
3-month Average Turnover (BDT mn)	17.6
3-month Return	-12.4%
Current Price (BDT)	200.9
52-week price range (BDT)	68-317.4
Sector's Forward P/E	12.8

	2011-12	2012-13	2013-14	2014-15 (6m Ann.)
Financial Information (BDT mn):				
Revenue	1,212	1,355	1,488	1,342
Operating Profit	780	830	765	779
Non-operating Income	1,285	1,938	2,627	2,311
Profit After Tax	1,392	1,864	2,359	2,137
Assets	37,614	43,885	47,918	53,650
Equity	3,596	5,177	6,963	8,031
Dividend (C/B)%	45/30	70/20	95/10	-/-
Margin*:				
Operating Profit	64.3%	61.3%	51.4%	58.1%
Net Profit	114.8%	137.5%	158.6%	159.2%
Growth:				
Revenue	16.9%	11.8%	9.8%	-9.8%
Operating Profit	15.8%	6.5%	-7.9%	1.9%
Non-operating income	87.3%	50.8%	35.6%	-12.0%
Profit After Tax	56.1%	33.9%	26.6%	-9.4%
Profitability:				
ROA	4.6%	4.6%	5.1%	4.2%
ROE	46.6%	42.5%	38.9%	28.5%
Valuation:				
Price/Earnings	12.5	12.5	12.5	10.1
Price/BV	4.8	4.6	4.3	2.7
EPS (BDT)	16.9	18.9	21.8	19.8
DPS (BDT)	4.5	7.0	9.5	-
NAVPS (BDT)	43.9	52.2	64.3	74.2

Last Two Year's Price Movement (BDT)



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

JAMUNA OIL COMPANY LIMITED

DSE: JAMUNAOIL
BLOOMBERG:JMOIL:BD

Company Overview

Jamuna Oil Company Ltd. (JAMUNAOIL), a subsidiary of Bangladesh Petroleum Corporation (BPC), was incorporated on 12 March 1975. The business of the Company is marketing of refined petroleum oil Lubricants, Liquefied Petroleum Gas (LPG) and Bitumen in Bangladesh.

The current storage capacity of the Company is 180,954 M. Tons. There are 6 major products and 3 minor products offered by the Company. In 2013-14, market share of the Company was 29.75%. In 2013-14, the Company handled 1.64 M. Tons products which were 5.79% higher than that of last year.

In 2013-14, JAMUNAOIL registered 8.4% growth in total operating income. Non-operating income was 118.7% of operating income. Latest half-yearly performance showed 70.3% growth in revenue on petroleum products. Operating profit also increase by 118.8% during this period compared to that of same period of the last year.

Jamuna Oil Company Ltd. has investment in MJLBD (19.45%) and Omera Fuels Ltd. (25%). The Company earned dividend income from MJLBD's investment.

The Company was enlisted with the DSE and the CSE on 2008. Around 60.08% of shares are held by Government whereas 24.73%, 15.13% and 0.06% of shares are held by Institutions, General and Foreign investors respectively.

Investment Insight

- The Company will have 33% stake on the LPG bottling plant of BPC. This plant will have capacity of 100,000 MT.
- It will also hold 20% stake on oil installation facility with a capacity of 100,000 MT on 17 acre land adjacent to Mongla port.
- Total 52,000 M.T capacity enhancements of storage tanks at main installation, Fatullah, Daulatpur, Chandpur, Barisal and Parbatipur depot have been completed.
- Another 3 storage tanks with a capacity of 10,000 MT each at Baghabari depot was constructed.
- The Company is going to construct an 18 storied building at Kawran Bazar. For this purpose, a consultant has been appointed as well DPP has been submitted to the ministry for approval.
- A 4 storied new terminal office bhavan at main installation is under process. Tender has been called for the construction work.

Company Fundamentals, as on 26 February, 2015

Market Cap (BDT mn)	22,648.0
Market weight	0.8%
No. of Share Outstanding (in mn)	110.4
Free-float Shares	39.9%
Paid-up Capital (BDT mn)	1,104.2
3-month Average Turnover (BDT mn)	33.3
3-month Return	-9.5%
Current Price (BDT)	205.1
52-week price range (BDT)	193.6-274
Sector's Forward P/E	12.8

	2011-12	2012-13	2013-14	2014-15 (6m Ann.)
Financial Information (BDT mn):				
Revenue	1,815	1,403	1,471	1,789
Operating Profit	1,649	1,116	1,256	1,611
Non-operating Income	1,372	1,797	2,121	1,866
Profit After Tax	2,079	1,990	2,316	2,339
Assets	20,121	24,255	31,358	36,519
Equity	4,900	10,105	11,898	14,974
Dividend (C/B)%	45/30	90/10	90/10	-/-
Margin*:				
Operating Profit	90.9%	79.5%	85.4%	90.1%
Net Profit	114.5%	141.8%	157.5%	130.8%
Growth:				
Revenue	88.4%	-22.7%	4.8%	21.6%
Operating Profit	136.4%	-32.3%	12.5%	28.3%
Non-operating income	68.8%	31.0%	18.0%	-12.0%
Profit After Tax	104.9%	-4.3%	16.4%	1.0%
Profitability:				
ROA	12.8%	9.0%	8.3%	6.9%
ROE	55.0%	26.5%	21.1%	17.4%
Valuation:				
Price/Earnings	10.9	11.6	10.1	9.7
Price/BV	4.6	3.5	2.0	1.5
EPS (BDT)	22.8	19.8	21.0	21.2
DPS (BDT)	4.5	9.0	9.0	-
NAVPS (BDT)	53.7	65.5	107.8	135.6

Last Two Year's Price Movement (BDT)



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

MJL BANGLADESH LIMITED

Company Overview

MJL Bangladesh Limited (MJLBD) started its commercial operation in 1999. The core operation of the Company is blending and selling lubricants in local and international market. MJLBD is the market leader in local lubricants market holding 30% market share. Mobil and Omera are two major brands of the Company. As on December 31 2013, the company utilized 51% of its total capacity.

Of its total revenue 46% were generated by the manufacturing unit, 43.4% by trading unit and 10.6% by oil tanker unit. In 2013, the company's gross profit margin increased to 20.8% from the last year's rate of 19.0% as the company purchased raw materials at lower price for the manufacturing unit. In 2013, the MJLBD attained 2.96% growth in its consolidated revenue.

Currently the company has three subsidiaries – Omera Petroleum Ltd. (75%), Omera Cylinders Ltd. (99.99%) and MJL & AKT Petroleum Ltd. (51%).

The firm was enlisted in the DSE and the CSE in June 2011. Around 58.36% of shares of the company are held by the Sponsors, while 19.45%, 12.91%, 9.12% and 0.16% are held by the Government, Institute, General and Foreign Investors respectively.

Investment Insight

- Falling trend in global crude oil price have a direct positive impact on revenue of MJL as the Government has allowed them to import petroleum products for their own plants; hence this will improve gross profit margin by reduced cost of goods sold.
- Omera Petroleum Limited (OPL), a 75% owned subsidiary of MJLBD is expected to be operational with the brand name of Omera LPG by March 2015. According to the feasibility report of the company, the project is expected to generate the profit of approximately BDT 170 million in the first year of its operation.
- Omera Cylinders Ltd. (OCL), another ongoing project of the company (99.99% owned) is also expected to be operational by 2015.
- The company has also signed an agreement with Balmer Lawrie & Co. Ltd. to manufacture high quality steel drums for MJLBD for storing of lubricant oil.
- To support the local manufacturers of LPG cylinders, the Government has increased the import duty from 5% to 25%. Omera Cylinders Ltd. will be benefitted with this step.

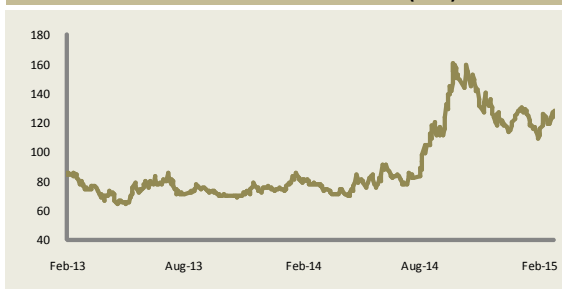
DSE: MJLBD
BLOOMBERG: MJL:BD

Company Fundamentals, as on 26 February, 2015

Market Cap (BDT mn)	30,333.8
Market weight	1.1%
No. of Share Outstanding (in mn)	238.5
Free-float Shares	22.2%
Paid-up Capital (BDT mn)	2,385.0
3-month Average Turnover (BDT mn)	71.3
3-month Return	-6.3%
Current Price (BDT)	127.2
52-week price range (BDT)	68.4 - 163.9
Sector's Forward P/E	12.8

	2011-12	2012-13	2013-14	2014-15 (9m Ann.)
Financial Information (BDT mn):				
Net Sales	6,017	6,994	7,202	8,438
Operating Profit	709	879	968	1,682
Profit After Tax	637	651	685	1,223
Assets	11,409	11,312	14,132	16,202
Long Term Debt	175	745	425	1,935
Equity	6,872	7,212	7,780	8,449
Dividend (C/B)%	15/15	25/-	25/-	--/--
Margin:				
Gross Profit	18.8%	19.0%	20.8%	26.3%
Operating Profit	11.8%	12.6%	13.4%	19.9%
Pretax Profit	15.5%	12.4%	13.3%	20.7%
Net Profit	10.6%	9.3%	9.7%	14.4%
Growth:				
Sales	56.4%	16.2%	3.0%	17.2%
Gross Profit	19.1%	17.3%	12.8%	48.2%
Operating Profit	-0.7%	23.9%	10.2%	73.8%
Net Profit	25.3%	2.3%	7.4%	77.8%
Profitability:				
ROA	7.7%	5.7%	5.5%	8.0%
ROE	12.6%	9.2%	9.3%	15.3%
Leverage:				
Debt Ratio	28.7%	22.4%	32.2%	34.6%
Debt-Equity	47.7%	35.2%	58.4%	66.3%
Int. Coverage	1.9	2.8	3.7	8.9
Valuation:				
Price/Earnings	37.4	29.2	25.6	24.9
Price/BV	3.5	2.6	2.3	3.8
EPS (BDT)	2.7	2.7	2.9	5.1
NAVPS (BDT)	28.8	30.2	32.6	33.9

Last Two Year's Price Movement (BDT)



Source: Annual Reports, MJLBD's Website, the Financial Express, the Daily Star, Company's concerned officials and ILSL Research

MUTUAL FUND: MONTHLY UPDATE

Performance of Mutual Funds

Mutual Fund Sector of DSE posted 1.48% loss over the month (29 January - 26 February, 2015), while the prime index of the bourse, DSEX, increased by 0.8%. Price of 17 Mutual Funds increased, 4 Mutual Funds remain unchanged and 19 Mutual Funds decreased over the period. On the other hand, NAV @ Market Price of all Mutual Funds increased. Out of 40 Mutual Funds, 39 were traded below their respective NAV. LR Global Mutual Fund had the lowest Price/NAV ratio (42.1%) whereas 1STPRIMFMF was traded at highest Price/NAV ratio (130.4%). Price of LR Global Mutual Fund gained 15.8% against increase in NAV by 6.4%.

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	36.92	13.41	28.1	76.1%	↑	1.4%	↓	-4.4%	24.7 - 45.5	5.90	30/Jun/15	AIMS
GRAMEEN1	30.43	11.65	22.0	72.3%	↑	1.4%	↓	-1.8%	22 - 48.5	2.44	4/Sep/15	AIMS
GRAMEENS2	18.64	10.89	11.3	60.6%	↑	1.6%	↓	-1.7%	11.1 - 18.2	2.53	2/Sep/23	AIMS
RELIANCE1	12.32	11.31	7.1	57.6%	↑	0.3%	↑	7.6%	6.5 - 9.8	1.21	7/Jul/21	AIMS
1STICB	1693.88	230.94	1093.1	64.5%	↑	10.4%	↓	-6.6%	842.1 - 1184	0.56	31/Mar/15	ICB
2NDICB	299.53	102.17	290.0	96.8%	↑	3.3%	↑	12.8%	235.7 - 329	0.04	30/Jun/15	ICB
3RDICB	365.81	71.25	248.0	67.8%	↑	12.3%	↑	6.9%	188 - 254.9	0.08	30/Sep/15	ICB
4THICB	289.61	78.7	205.0	70.8%	↑	3.6%	↑	0.5%	185.9 - 235	0.09	31/Dec/15	ICB
5THICB	249.67	59.3	181.0	72.5%	↑	3.4%	↓	-4.4%	140 - 205	0.05	31/Mar/16	ICB
6THICB	60.64	27.2	58.0	95.6%	↑	2.8%	↑	3.2%	49.8 - 72.4	0.70	30/Jun/16	ICB
7THICB	108.6	39.03	80.8	74.4%	↑	4.1%	↓	-11.2%	80 - 105	0.08	30/Sep/16	ICB
8THICB	72.68	33.55	64.3	88.5%	↑	3.2%	↓	-1.2%	53.2 - 75	0.16	31/Dec/16	ICB
1STPRIMFMF	10.2	15.83	13.3	130.4%	↑	0.8%	↓	-5.7%	12.2 - 21.1	2.08	17/Mar/16	ICB AMCL
ICB1STNRB	24.22	33.71	20.5	84.6%	↑	1.2%	↑	3.0%	19.2 - 31.9	0.18	28/Mar/17	ICB AMCL
ICB2NDNRB	10.86	14.78	7.7	70.9%	↑	1.8%	↓	-2.5%	7.5 - 11.2	0.37	27/Jul/18	ICB AMCL
ICB3RDNRB	7.64	11.26	4.3	56.3%	↑	1.6%	→	0.0%	4.2 - 5.6	1.08	24/May/20	ICB AMCL
ICBAMCL2ND	8.59	13.04	4.9	57.0%	↑	1.2%	↑	8.9%	4.2 - 7.5	0.48	28/Oct/19	ICB AMCL
ICBEPMF1S1	8.11	11.63	4.4	54.3%	↑	1.9%	→	0.0%	4.2 - 6.5	0.24	18/Jan/20	ICB AMCL
ICBSONALI1	9.81	10.95	6.3	64.2%	↑	1.1%	↓	-1.6%	6.1 - 9.5	0.11	12/Jun/23	ICB AMCL
IFILISLMF1	9.72	11.29	6.0	61.7%	↑	2.9%	↑	5.3%	5 - 8	2.76	22/Nov/20	ICB AMCL
PF1STMF	7.81	11.38	5.1	65.3%	↑	1.7%	↓	-3.8%	4.2 - 6.3	1.18	9/May/20	ICB AMCL
PRIME1CBA	8.27	11.52	4.5	54.4%	↑	1.3%	↑	2.3%	4.3 - 6.3	0.25	2/Feb/20	ICB AMCL
AIBL1STIMF	10.19	10.77	4.6	45.1%	↑	2.0%	↓	-2.1%	4.3 - 9	2.00	10/Jan/21	LR Global
DBH1STMF	10.03	10.76	4.5	44.9%	↑	0.3%	↑	4.7%	4.2 - 6.9	0.57	7/Feb/20	LR Global
GREENDELMF	10.2	10.4	4.5	44.1%	↑	1.4%	↑	4.7%	4.2 - 6.3	1.15	28/Sep/20	LR Global
LRGLOBMF1	10.44	10.85	4.4	42.1%	↑	6.4%	↑	15.8%	4.2 - 7.7	1.64	19/Sep/21	LR Global
MBL1STMF	10.15	10.74	4.4	43.3%	↑	1.7%	↑	4.8%	4 - 8.9	0.93	8/Feb/21	LR Global
NCCBLMF1	10.19	10.76	4.4	43.2%	↑	0.4%	↓	-13.7%	4.2 - 8.8	5.37	24/May/22	LR Global
1JANATAMF	10.9	11.18	5.0	45.9%	↑	2.3%	↓	-2.0%	4.8 - 7.2	0.49	20/Sep/20	RACE
ABB1STMF	11.98	10.85	6.0	50.1%	↑	2.0%	→	0.0%	5.7 - 7.8	0.71	29/Jan/22	RACE
EBL1STMF	10.09	11.45	5.1	50.5%	↑	1.0%	↑	2.0%	4.9 - 7.3	0.53	19/Aug/19	RACE
EBLNRBMF	10.42	10.78	4.5	43.2%	↑	1.5%	→	0.0%	4.1 - 7.9	0.22	23/May/21	RACE
EXIM1STMF	10.93	10.56	6.5	59.5%	↑	1.2%	↑	8.3%	5.7 - 9.3	0.01	16/Jul/23	RACE
FBFIF	10.89	10.58	6.1	56.0%	↑	1.4%	↓	-6.2%	5.8 - 10	0.01	19/Mar/22	RACE
IFIC1STMF	10.74	11.08	4.7	43.8%	↑	0.5%	↓	-4.1%	4.6 - 7.1	0.25	1/Apr/20	RACE
PHPMF1	10.43	11.43	4.4	42.2%	↑	2.0%	↓	-2.2%	4.3 - 6.7	1.17	29/Nov/20	RACE
POPULAR1MF	11.02	11.45	4.7	42.6%	↑	1.4%	↓	-2.1%	4.6 - 7.1	1.40	19/Oct/20	RACE
TRUSTB1MF	10.76	10.77	5.0	46.5%	↑	1.6%	↓	-2.0%	4.9 - 8.4	1.44	27/Jan/20	RACE
NLI1STMF	12.73	12.2	8.4	66.0%	↑	0.9%	↑	2.4%	6.7 - 9.7	0.65	27/Feb/22	VIPB
SEBL1STMF	12.36	11.75	8.0	64.7%	↑	0.4%	↑	5.3%	6.6 - 9.4	0.93	23/May/21	VIPB

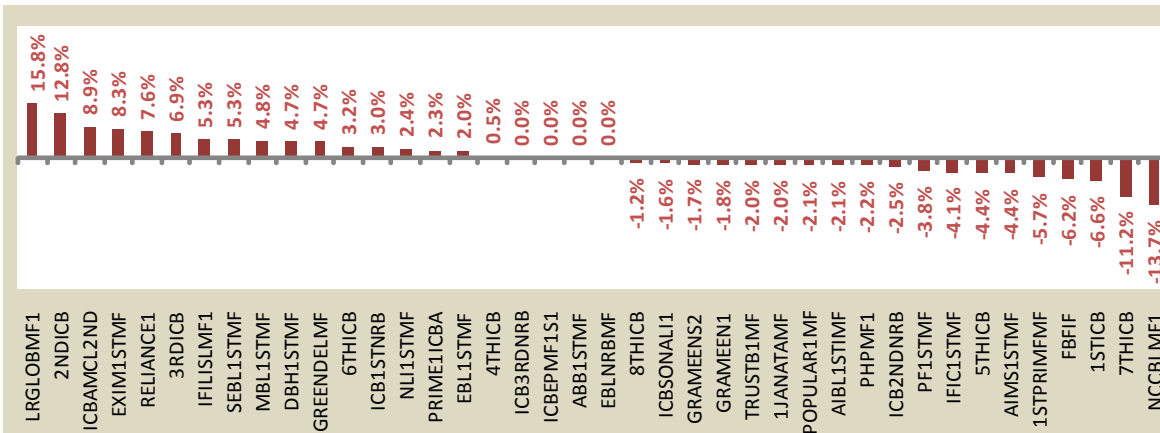
Source: DSE, ILSL Research

MUTUAL FUND: MONTHLY UPDATE

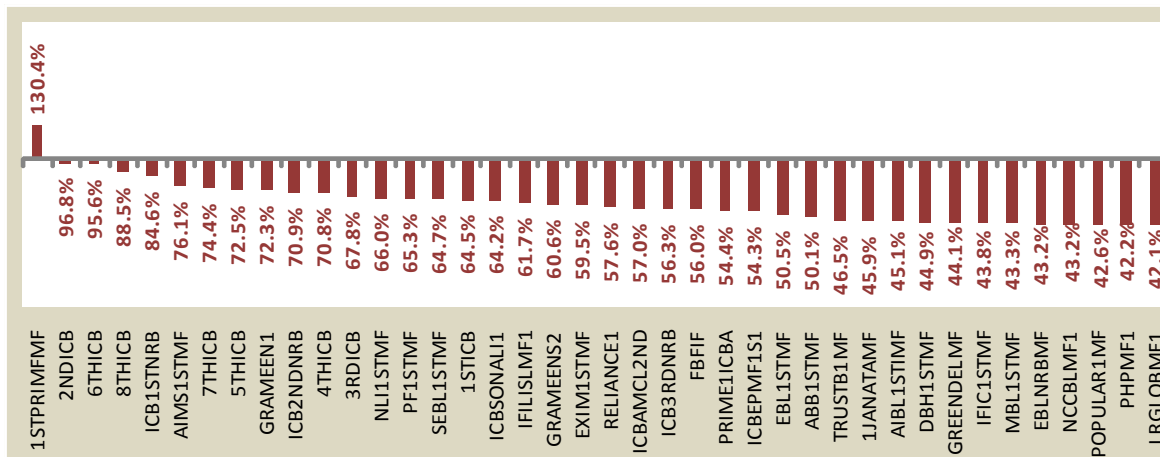
Monthly Top 10 Analysis

Highest Return	% Change in NAV	Lowest Return	% Change in NAV	Turover Leader	Avg Turnover (BDT mn)
3RDICB	12.3%	DBH1STMF	0.3%	AIMS1STMF	5.9
1STICB	10.4%	RELIANCE1	0.3%	NCCBLMF1	5.4
LRGLOBMF1	6.4%	NCCBLMF1	0.4%	IFILISLMF1	2.8
7THICB	4.1%	SEBL1STMF	0.4%	GRAMEENS2	2.5
4THICB	3.6%	IFIC1STMF	0.5%	GRAMEEN1	2.4
5THICB	3.4%	1STPRIMFMF	0.8%	1STPRIMFMF	2.1
2NDICB	3.3%	NLI1STMF	0.9%	AIBL1STIMF	2.0
8THICB	3.2%	EBL1STMF	1.0%	LRGLOBMF1	1.6
IFILISLMF1	2.9%	ICBSONALI1	1.1%	TRUSTB1MF	1.4
6THICB	2.8%	ICBAMCL2ND	1.2%	POPULAR1MF	1.4

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	6,997	13.4%	1.4%	1.93	3,140
ICB	3,443	6.6%	6.8%	3.89	178
ICB AMCL	6,583	12.6%	1.4%	0.74	7,150
LR Global	9,121	17.5%	2.6%	0.96	8,896
RACE	24,059	46.2%	1.5%	0.99	22,181
VIPB	1,874	3.6%	0.6%	1.05	1,501

Source: DSE, ILSL Research

Business Newsflash

Economy

USD 300 mn WB loan soon for export sector, market infrastructure

Newage, February 02, 2015

The World Bank will lend USUSD 300 mn soon to facilitate long-term financing for the country's export-oriented manufacturing sector and to strengthen financial market infrastructure. The support from the multilateral lending agency will come under 'Bangladesh Financial Sector Support Project'. Of the total USD 360 mn, USD 260 mn will primarily be earmarked to support long-term financing of export-oriented industries, USUSD 95 mn will be spent to strengthen financial market infrastructure, USUSD 4 mn for strengthening the financial sector regulators and the remaining USUSD one mn will be spent on project implementation and monitoring purposes.

6.3% GDP growth this fiscal year: Bloomberg

The Daily Star, February 3, 2015

Bangladesh's economy may grow by 6.3% in the current fiscal year according to Bloomberg survey. The result for Bangladesh's economy is the median of four economists' forecasts surveyed by the US media organization. In a previous survey, the economists also predicted the same level of economic growth for fiscal 2014-15. They however cut down their growth forecast for the next fiscal year to 6.45% in the new survey from 6.6% earlier. **The World Bank forecasts economic growth of 6.2% for this fiscal year**, whereas the Asian Development Bank puts it at 6.4%, and the International Monetary Fund at 6.25%.

Foreign loan release, commitment increase in July-January

New Age, February 24, 2015

Disbursement and commitment of foreign loans and grants increased in July-January period of the current financial year 2014-15 following some large amount loan commitment by the World Bank in January. In the first seven months of the FY15 the government received USD1.74 bn from the international lenders and donors, of which USD1,405 mn was loan and USD340 mn in grants. The disbursement amount was USD1.40 bn in the same period of the previous year when USD1,259 mn was in loan and USD309 mn in grants.

The commitment in the first seven months of the FY15 was USD2.06 bn of which USD1,762 mn was loan and USD284 mn was in grants. The World Bank was the top lender in the July-January period releasing USD530 mn of which USD439 mn was loan and USD105 mn in grants. The Asian Development Bank disbursed USD501 mn, JICA USD142 mn, China USD103 mn and the IDB released USD98 mn in the first seven months of the current financial year.

Bangladesh a top choice for Japanese investors: survey

The Daily Star, February 24 2015

Most Japanese firms operating in China choose Bangladesh as the second best investment destination after India

due to lower production costs here. Due to sluggish operations and struggle for expansion of business in China, firms are expanding their operations mainly in Bangladesh, India, Vietnam and Thailand. Some 71.7% Japanese-affiliated firms in China want to expand their operations in Bangladesh, with 78.2% favouring India, 66% Vietnam and 60.9% Thailand, according to the official trade and investment promotion agency of Japan. Jetro that has been conducting such surveys since 1987 took opinions of 10,078 firms from 20 countries. In comparison to Japan, the cost of production in Bangladesh is less than half (48.7%), while it is 77% in China and 71% in Vietnam.

Oil price fall: a boon for economy

The Daily Star, February 26, 2015

The country can save up to USD 2 bn a year, thanks to the sliding oil prices in the global market. In 2014, the oil prices plunged 44% to USD 60.55 a barrel and the trend continued into 2015. Oil prices yesterday stood Oil prices yesterday stood at USD 58.91 a barrel. Since oil accounts for the largest share in the import basket (11%), the savings will be quite significant, which will go on to improve the trade balance - currently in the negative. Furthermore, the government will be able to eliminate fuel subsidy completely, which will help reduce budget deficit and foster proliferation of infrastructure. The gross margin improvement will depend on the companies' efficient inventory management and local price adjustment.

Stock Market

BSEC gives priority to clearing corporation, venture financing

The Financial Express, February 17, 2015

The Bangladesh Securities and Exchange Commission (BSEC) is working to formulate the rules on formation of the Clearing Corporation by reviewing recommendations made by the concern committee. A Clearing Corporation is an institution that provides clearing and settlement services for financial and commodities derivatives and securities transactions. Presently, the clearing and settlement department of the bourses are performing the job of settlement of daily transaction executed in the capital markets. The structure of Clearing Corporation will be as like demutualised organisation where the board will include majority number of independent directors including the chairman.

Brokers asked to adopt new IPO application system by March

Dhaka tribune, February 19, 2015

The securities regulator has asked the stockbrokers of the prime bourse to get preparation for adaptation of new IPO application system by next month, as the applications through banks will not be allowed from April next. After launching the new IPO application method in July last year, BSEC has also kept previous system effective under which an IPO applicant is to submit application through banks. Some selected brokerage firms and merchant banks took part in the new system, which significantly cut IPO processing time.

AIMS submits plan to BSEC for MF conversion

New Age, February 22, 2015

AIMS of Bangladesh Limited has submitted an action plan to the capital market regulator for the possible conversion or windup of two close-ended mutual funds it manages as the tenure of the mutual funds will end in June 30 this year. The AIMS-managed two mutual funds are AIMS First Guaranteed Mutual Fund formed in 2000 and Grameen One: First Scheme of Grameen Mutual Fund One formed in 2005. The proposed action plan sought full ten-year trade continuity of the units of the mutual funds at the stock exchanges till June 30 this year instead of the existing legal binding of trade suspension before three months of the tenure expiry.

IPOs of Olympic Accessories, Keya Cosmetics get regulator's nod

The Daily Star, February 26, 2015

Bangladesh Securities and Exchange Commission gave a green light to Olympic Accessories to raise BDT 20 crore from the public. The company is set to float two crore ordinary shares of BDT 10 each to raise the fund. Olympic Accessories will use the fund from the initial public offering for the construction of a new factory building and purchasing machinery. In another development, the BSEC gave permission to Keya Cosmetics to raise BDT 321.95 crore through issuing 32.19 crore shares of BDT 10 each. The fund will be raised in line with an amalgamation of Keya Knit Composite, Keya Cotton Mills and Keya Spinning Mills with the listed Keya Cosmetics. The High Court has already approved the merger of the companies of Keya Group.

Bank

Banks' soured loans finally shrink

The Daily Star, February 10, 2015

Banks' default loans dropped 12.45% in the last quarter of 2014 after rising in the three previous quarters, much to the relief of the central bank. On December 31 last year, the banking sector's bad loans stood at BDT 50,155 crore or 9.69% of its total lending. In contrast, on September 30, the sector's bad loans were BDT 57,291 crore or 12.6% of the total outstanding loans. The sector started the year with BDT 40,583 crore of bad loans, which then rose to BDT 48,172 crore in the first quarter, BDT 51,345 crore in the second quarter and further more the following quarter.

Deposit rate falls faster than lending rate to widen spread

Dhaka Tribune, February 16, 2015

The banking sector has witnessed a higher spread as the deposit rate is falling faster than the lending rates. The average interest rate on deposits has dropped by 1.14% during last one year while lending rate declined by 0.99%. **The lending rate stood at 12.46% on December last year compared to 13.45% in the same period of previous year** while deposit rate came down to 7.25% from 8.39%. The gap between lending and deposit rates increased to 5.21% on December last year compared to 5.06% in the same period of the previous year.

Fuel and Power

LPG sales slash by 30% as crisis deepens

The Financial Express, February 4, 2015

Around 30% liquefied petroleum gas (LPG) cylinders remain unsold in January after the blockade called by BNP-led opposition parties almost broke down inter-district transportation, industry people said. Around 30% of total LPG cylinders were not sold against its monthly target at the end of last month. Around 25,000 cylinders of the company have remained unsold. Plant-gate prices of 12kg LPG cylinder of Kleenheat or Petragaz is now BDT 1,200, Bashundhara Gas BDT 1,250, Total Gaz BDT 1180 and Jamuna Gas BDT 1,130. Distributors said the consumers can buy a cylinder at BDT 1300-1350 across the country after the price reduction by the LPG firms.

2,036 MW power to be added to national grid this year

The Financial Express, February 22, 2015

The seven under-construction power plants would go on operation for generating 2,036 megawatt (MW) electricity this year and the country would get 13,301 MW electricity. With the new power production, the government is expecting to generate 13,301MW power at the end of this year, which would bring 68% of people under electricity across the country. The country's power plants produce 11,265 MW electricity Besides, the government has a target to generate 20,000 MW electricity by using 53% coal as primary energy within "Vision 2021."

Textile

Textile millers bullish on USD 50b exports by 2021

The Financial Express, February 4, 2015

Entrepreneurs reassure that earning the targeted USD 50 billion from export of clothing items by 2021 is possible and sought necessary supports like infrastructures, gas and electricity to help it happen. Leaders of BTMA at a press conference said with these supports in place, as the main backward-linkage industry the primary textiles sector would also get opportunities to produce an increased volume of yarn and fabrics which will contribute to the clothing sector as a whole.

Ceramic

Lafarge, Holcim near deal to sell USD7b in assets to CRH

Newage, February 02, 2015

Cement companies Lafarge SA and Holcim Ltd are nearing a deal to sell at least USD7 bn worth of assets to Ireland's CRH PLC, the Wall Street Journal reported on Saturday, citing people familiar with the matter. The Journal noted that the sale of the assets in Europe, Canada and elsewhere was a precondition of winning antitrust approval for the roughly USD40 bn pending merger between France's Lafarge and Switzerland's Holcim. CRH was a finalist in an auction for the assets, competing in recent days with a private-equity consortium including Blackstone Group LP, Cinven and Canada Pension Plan Investment Board.

Foods

Golden Harvest to set up dairy firm

The Financial Express, February 26, 2015

Golden Harvest Agro Industries, a listed firm in the food and allied sector has planned to make an investment worth BDT 37.50 mn in a subsidiary company for establishment of a modern dairy firm. The board of directors of the company has approved an investment of BDT 37.50 mn in the equity of Golden Harvest Dairy Ltd. to hold 75% shares of Golden Harvest Dairy Ltd.

Engineering

IFAD Autos to set up new assembly line

The Daily Star, February 04, 2015

IFAD Autos plans to invest BDT 50.68 crore to set up an assembly unit in March for buses and trucks in Savar to tap into the growing market for commercial vehicles. The company will import engines from Ashok Leyland, the second largest commercial vehicles maker in India, for assembly in Bangladesh. The company has raised BDT 63.73 crore from the stock market to expand business and repay bank loans. The automobile dealer floated 2.12 crore ordinary shares worth BDT 10 each at an offer price of BDT 30, including BDT 20 in premium, according to the initial public offering prospectus. The company will pay BDT 9.33 crore in loans from the IPO fund. Nitol Motors is the market leader with a 40% share, followed by IFAD at 38%, Runner Motors at 10% and others at 12%.

Pharmaceutical

Middle Eastern drugmaker buys out RAK Pharma

The Daily Star, February 11, 2015

Middle Eastern drug manufacturer Julphar has acquired a majority stake in Dhaka-based RAK Pharmaceuticals with an investment of around BDT 75 crore or USD9.5 mn. The acquisition is part of Julphar's expansion plans in Asia. Earlier in December last year, RAK Ceramics, the majority shareholder of RAK Pharma, announced that Julphar, the largest Emirati pharmaceutical company, will acquire 77.5% of the stakes in the pharmaceutical company, including RAK Ceramics's 55% stakes. RAK Pharma produces "industry-compliant" tablets, capsules and syrups. Its sales in 2013 stood at BDT 44 crore (USD5.7 mn), which is an increase of 24% year-on-year.

Pharma sales go up

The Daily Star, February 24 2015

Pharmaceutical sales in the domestic market rose 11.37% year-on-year to BDT 11,307.25 crore last year on the back of increased medical coverage of the population and easy access to health care services.

The sector raked in BDT 10,168.55 crore in sales turnover in 2013, up 8.12% from a year ago, according to IMS Health, a leading global information and technology service provider to healthcare and life sciences industries. Annual pharma sales in the local market are likely to hit BDT 16,000 crore by 2018, riding on increased demand for good-quality medicine. Bangladesh's pharmaceutical sector has grown tremendously in the last couple of decades. Local companies now produce high quality medicines and meet 98% of the local demand.

Telecommunication

Grameenphone crosses BDT 100 bn mark in annual revenue in 2014

Dhaka Tribune, February 10, 2015

Mobile phone operator Grameenphone has achieved its targeted revenue of BDT 100 bn in 2014. The total revenue in the year amounted to BDT 102.7 bn, which was 6.3% higher than the last year. Grameenphone had targeted to earn BDT 100 bn revenue in 2014 as its revenue was BDT 96.62 bn in 2013 and BDT 91.90 bn in 2012. Its service revenue grew 5.9% year-on-year along with 14.1% growth in customer equipment and other revenues. The market leader also reported a net profit after taxes of BDT 19.80 bn last year with 19.3%.

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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