

Flash Note on Construction Sector – Update:

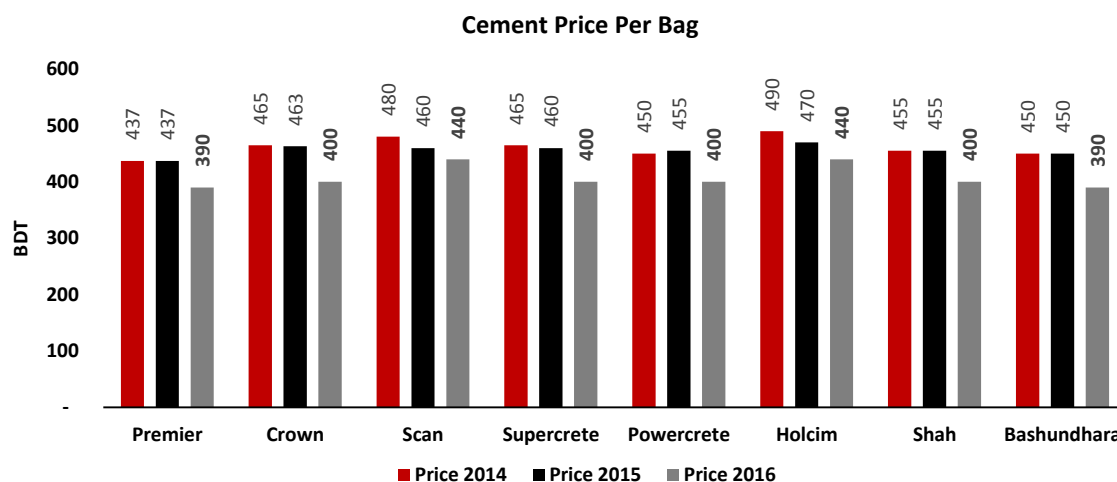
Steel Industry:

- **Abul Khair Steel (AKS)** and **BSRM Group**, the market leaders, have been continuing their dominance in steel market. Distribution network and quality product are working as boon for these companies.
- AKS holds the largest capacity and has a special reputation of **price adjustment to gain larger market share**. Other companies adjust their prices accordingly to maintain the competitiveness.
- Currently, per metric ton of M.S. Rod is sold at **BDT 42,000-47,400** which was **BDT 52,000-55,500** during last year.
- Due to global commodity price decline, dealers are expecting the downward price trend to continue, throughout the year. Additionally, industry-wide over capacity and stagnant real estate sector are instigating further price cut.
- Meanwhile, companies are now reaching out the customers directly to cut the middlemen and offering products at lower prices than the dealers' in exchange of cash payment. On an average, their price differs from that of the dealers' by **BDT 1,000-2,000**.

Company	MS Rod Production Capacity (Metric Ton)	M.S. Rod Price (Approx.)	Approx. Price of M. S. Rod (Last Year)	Approx. Price decline from Last Year
Abul Khair Steel (AKS)	1,200,000	44,900	50,000-52,500	-12.4%
BSRM Steels Limited	700,000	47,400	52,000-55,500	-11.8%
BSRM Limited	450,000	47,400	52,000-55,500	-11.8%
KSRM Limited	400,000	47,500	50,000-55,000	-9.5%
RSRM Limited	187,200	45,000	47,500-52,000	-9.5%
GPH Ispat Limited	120,000	47,500	50,000-55,500	-10.0%
Bandar Steel Limited	120,000	42,500	52,000-53,000	-19.0%

Cement Industry:

- The cement companies are also availing the benefit of depressed prices of raw materials like clinker, slag etc. However, increased competition and overall sloth in construction sector forced the companies to cut the selling price.
- While **Shah Cement** of Abul Khair Group was roughly **BDT 420-430** per bag, current price came down to **BDT 390-400**. Most of the brands have been selling around **BDT 400 per bag**.
- Meanwhile, the multinational brands like Scan Cement and Holcim Cement are still sold at premium prices in comparison to others, at around **BDT 440**.



Source : Primary Data Collection Research, IDLCIL

- In the meantime, local companies offer discount to dealers e.g., giving 4 bags free of cost with every 100 bags and additional discount offers in different slabs to grab the market share. MNCs are also offering same type of facilities to the dealers, except for **Scan** and **Holcim Cement**.
- Similar to steel companies, some of cement manufacturers have started selling directly to the customers overriding the dealers. Thus dealers' margin is shifting to consumers' end.
- **Shah cement** is still maintaining its position of the market leader with good brand image and stronger distribution channels.

Disclaimer: This Document has been prepared and issued by IDLC Investments Limited on the basis of the public information available in the market, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts & information stated in the Document are accurate as on the date mentioned herein. Neither IDLC Investments Limited nor any of its director, shareholder, and member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the Document are genuine, accurate, complete, authentic and correct. Moreover, none of the director, shareholder, and member of the management or employee in any way is responsible about the genuineness, accuracy, completeness, authenticity and correctness of the contents of the sources that are publicly available to prepare the Document. It does not solicit any action based on the materials contained herein and should not be construed as an offer or solicitation to buy sell or subscribe to any security. If any person takes any action relying on this Document, shall be responsible solely by himself/herself/themselves for the consequences thereof and any claim or demand for such consequences shall be rejected by IDLC Investments Limited or by any court of law.