

Daily Market Update

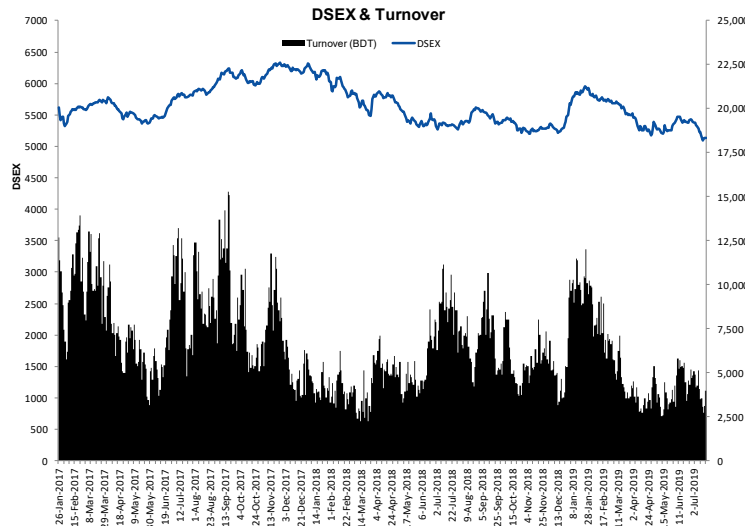
Market closed in red today. The benchmark index DSEX (-0.05%) lost 2.44 points and closed at 5,130.70 points today. Both the blue chip index DS30 (-0.02%) and the shariah based index DSES (-0.06%) closed in red. The large cap sectors showed mixed performance today except. Telecommunication posted the highest gain of 1.20% followed by Banks (+0.23%) and Power (+0.05%). NBFIs posted the highest loss of 0.57% followed by Engineering (-0.37%), Pharmaceuticals (-0.20%), and Food & Allied (-0.01%). Turnover stood at BDT 4.0 billion (USD 47.6 million). Fortune Shoes Limited (+3.6%) was the most traded share with a turnover of BDT 388.4 million.

Sector Index	Closing	Opening	Δ(Pts)	Δ%	No. of Cos	Sectoral Mcap	% of Total Mcap	Sectoral Turnover	% of Total Turnover
Banks	1,419.98	1,416.77	3.21	0.23%	30	579,573.2	17.73%	168.8	4.33%
NBFIs	1,812.22	1,822.68	-10.46	-0.57%	23	167,536.6	5.13%	94.4	2.42%
Mutual Funds	761.89	767.69	-5.80	-0.76%	37	39,592.1	1.21%	203.5	5.23%
General Insurance	1,923.94	1,934.79	-10.85	-0.56%	35	52,113.9	1.59%	559.8	14.37%
Life Insurance	2,279.86	2,252.96	26.90	1.19%	12	63,565.8	1.94%	161.7	4.15%
Telecommunication	4,613.10	4,558.29	54.82	1.20%	2	463,649.0	14.18%	69.4	1.78%
Pharmaceuticals	2,699.65	2,705.03	-5.38	-0.20%	32	509,164.4	15.58%	606.9	15.58%
Fuel & Power	1,885.21	1,884.27	0.94	0.05%	20	467,341.2	14.30%	211.0	5.42%
Cement	1,384.58	1,385.83	-1.25	-0.09%	7	84,202.9	2.58%	45.0	1.15%
Services & Real Estate	1,009.14	1,009.49	-0.35	-0.03%	8	39,538.6	1.21%	165.8	4.26%
Engineering	2,899.68	2,910.48	-10.81	-0.37%	38	188,269.4	5.76%	416.0	10.68%
Food & Allied	15,956.40	15,958.33	-1.92	-0.01%	17	293,658.2	8.98%	86.1	2.21%
IT	1,735.15	1,735.90	-0.74	-0.04%	9	19,184.3	0.59%	47.4	1.22%
Textiles	1,323.81	1,320.13	3.68	0.28%	55	128,386.7	3.93%	358.1	9.19%
Paper & Printing	7,172.36	7,184.00	-11.63	-0.16%	3	13,712.9	0.42%	16.3	0.42%
Tannery	2,433.16	2,431.91	1.25	0.05%	6	26,201.0	0.80%	414.0	10.63%
Jute	15,481.44	15,668.06	-186.61	-1.19%	3	3,421.5	0.10%	6.0	0.16%
Ceramics	445.97	451.47	-5.50	-1.22%	5	21,540.0	0.66%	52.9	1.36%
Miscellaneous	1,952.31	1,938.31	14.00	0.72%	13	108,327.4	3.31%	212.1	5.45%

Top Ten Gainers	Close	Δ%	Turnover (mn BDT)
Sonargaon Textiles	33.00	10.0%	2.2
Progressive Life Ins	95.20	9.9%	3.6
Vanguard AML Rupali Bank Balanced Fund	10.00	9.9%	10.0
SEML FBLSL Growth Fund	27.80	9.9%	.6
SEML IBBL Shariah Fund	10.20	9.7%	8.9
Vanguard AML BD Finance Mutual Fund One	9.30	9.4%	8.1
SEML Lecture Equity Management Fund	10.20	8.5%	20.9
CAPM BDBL Mutual Fund 01	9.10	8.3%	6.8
Beacon Pharmaceuticals Limited	21.60	5.9%	265.1
Shurwid Industries Limited	33.90	5.6%	51.0

Top Ten Losers	Close	Δ%	Turnover (mn BDT)
BIFC	2.90	-9.4%	.2
Delta Spinnings Ltd.	4.90	-9.3%	.5
Al-Haj Textile	46.80	-8.9%	22.5
Beximco Syntehtics	4.20	-8.7%	.7
Fareast Finance & Investment Limited	3.50	-7.9%	.4
Global Insurance Ltd.	24.70	-7.8%	37.3
LR Global Bangladesh MF One	7.10	-7.8%	3.0
International Leasing	6.80	-6.8%	13.8
Emerald Oil Industries Ltd.	11.10	-6.7%	.3
Sonar Bangla Ins	30.10	-6.5%	139.1

Most Traded Share	Close	Δ%	Turnover (mn BDT)
Fortune Shoes Limited	39.90	3.6%	388.4
Beacon Pharmaceuticals Limited	21.60	5.9%	265.1
Sonar Bangla Ins	30.10	-6.5%	139.1
Sea Pearl Beach Resort & Spa Limited	36.20	4.0%	120.3
National Polymer	118.80	2.7%	102.3
Federal Insurance	15.70	4.0%	97.5
United Power Generation & Distribution Company	376.70	-0.4%	95.5
National Life Insurance Company Ltd.	262.20	2.3%	90.7
Runner Automobiles Limited	96.10	2.9%	68.4
Sinobangla Industries	68.20	1.8%	66.8



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Index	Closing	Opening	Δ(Pts)	Δ%	%ΔYTD
DSEX	5,130.70	5,133.14	-2.44	-0.05%	-4.73%
DS30	1,829.58	1,830.03	-0.45	-0.02%	-2.72%
DSES	1,176.14	1,176.89	-0.74	-0.06%	-4.60%

	Advanced	Declined	Unchanged	Total
All Category	111	204	38	353
A Category (Equity)	95	145	28	268
B Category (Equity)	7	26	5	38
N Category (Equity)	3	4	1	8
Z Category (Equity)	6	29	4	39
Mutual Funds	9	24	4	37
Corporate Bonds	0	1	0	1

Market Stat	Today	Last Day	% Change	
Mcap	Mn BDT	3,822,870.6	3,817,695.7	0.1%
	Mn USD	45,986.7	45,924.4	
Turnover	Mn BDT	3,953.0	3,096.0	27.7%
	Mn USD	47.6	37.2	
Volume	Mn Shares	142.1	126.6	12.2%
Trade		112,974	95,828	17.9%

Corporate Actions: Upcoming Record Dates

DSE Ticker	Company Name	Rights	Stock	Cash	Year End	Record Date
ILFSL	International Leasing & Financial Services Limited		5.0%	0.0%	31-Dec-2018	23-Jul-2019

Important DSE News
CONTININS

(Q2 Un-audited): EPS was Tk. 1.38 for April-June 2019 as against Tk. 0.96 for April-June 2018; EPS was Tk. 1.92 for January-June 2019 as against Tk. 1.56 for January-June, 2018. NOCFPS was Tk. 0.54 for January-June 2019 as against Tk. 0.59 for January-June 2018. NAV per share was Tk. 19.93 as on June 30, 2019 and Tk. 19.18 as on June 30, 2018.

DUTCHBANGL

It was informed that entire holding of 2,61,73,025 shares (including bonus shares) of Mr. Abedur Rashid Khan, one of the Sponsor Directors of the Company, will be transferred in the account of Horizon Associates Limited outside the trading system of the exchange, within next 30 working days, as per consent from the BSEC.

BIFC

The auditor of the company has given the following "Qualified Opinion and Emphasis of Matters" paragraph in the audit report of the company prepared for the year ended on 31 December 2018.

Basis for Qualified Opinion:

(1) Interest Suspense: As per Bangladesh Bank, FID circular No-6, Dated: August 20, 2016; BIFC has made interest suspense for an amount of Tk. 209,499,304 during the year and total interest suspense as on 31 December 2018 is Tk. 578,443,479. However, as per our computation the Required Interest suspense account should be Tk. 801,735,708 as on 31 December 2018 and thus short Interest Suspense Accounts of Tk. 223,292,229 has been shown in Financial Statements. This is made up as follows: Year 2015; Required Provision: Tk. 723,973,846; Provision made/charge: Tk. 373,597,189; Shortfall: Tk. 350,376,657. Year 2016; Required Provision: Tk. 631,924,656; Provision made/charge: Tk. 359,972,546; Shortfall: Tk. 271,952,110. Year 2017; Required Provision: Tk. 641,325,687; Provision made/charge: Tk. 373,765,471; Shortfall: Tk. 267,560,216. Year 2018; Required Provision: Tk. 801,735,708; Provision made/charge: Tk. 578,443,479; Shortfall: Tk. 223,292,229.

(2) Deficiency of Capital Adequacy: As per the statement of the Capital Adequacy and Market Discipline (CAMD)) of BIFC as on December 31, 2018. Capital Adequacy Ratio (CAR) was negative by 77.95% and Core Capital to RWA was stood negative by 80.1%.

(3) Non-compliance of Financial Institution Act 1993: As per Financial Institutions Act 1993, Section-16 "No Financial Institution shall expend or use more than 25% of its Paid-up Capital and reserves for the acquisition or holding of any kind of shares of financial, commercial, agricultural or industrial institution or of any similar institution" We scrutinized that the company's total equity becomes negative Tk. (7,998,665,811) because of net loss made during last 3 years and investment in share as on 31 December 2018 Tk. 205,573,951 in quoted and un-Quoted shares clearly state that non-compliance investment of the Financial Institutions Act 1993.

(4) Taxation: We found that BIFC did not compute the deferred tax on the asset revaluation reserve amount of Tk. 403,425,667. As per IAS-12, Income Tax Para-15 and 20, BIFC should compute deferred tax. As a result, liability and income tax being understated.

(5) Loan, Lease & Advances: a) As at December 31, 2018 a total outstanding of Loans, Lease and Advances against various concerns of Sunman Group was TIC. 6,396,500,546 equivalents to 76.01% of total outstanding balance of Tk. 8,414,821,757. The amounts were carried forward from financial year 2014. There was no recovery on account of said outstanding amount during this year. All of these loans/leases were classified as bad and loss. However, the management of BIFC has taken all possible steps to recover this amount. b) As at December 31, 2018 outstanding of Loan, Lease & Advance against various concern of Biswas Group was Tk. 201,155,268. These amount represent 2.39% of total outstanding. All of these loans and leases are classified as Bad and Loss and there was only 1.30% recovery during this year. However, legal processes are ongoing to recover the amount.

(6) Deficit Cash Reserve Requirement (CRR): As per FID circular No.-02, Dated: November 10, 2004 every Financial Institutions has to maintain Cash Reserve Requirement (CRR) of 2.5% on the bi-weekly average basis of their total term deposit with a provision of minimum 2% on a daily basis of the same total term deposit. While we are conducting our audit for the year ended December 31, 2018. We found that there were several time shortfalls of maintaining CRR on the bi-weekly average basis in the following months as per the following details: Name of the month: June 2018 (2nd 2 weeks); Required amount of the weekly average (2.5%): Tk. 50,338,581; BIFC maintained on weekly average Tk. 67,654; Shortfall on weekly average: Tk. 50,270,926 Name of the month: July 2018 (1st 2 weeks); Required amount of the weekly average (2.5%): Tk. 47,379,192; BIFC maintained on weekly average: Tk. 57,184; Shortfall on weekly average: Tk. 47,322,008. Name of the month: November 2018 (2nd 2 weeks); Required amount of the weekly average (2.5%): Tk. 50,301,264; BIFC maintained on weekly average Tk. 47,130; Shortfall on weekly average: Tk. 50,254,133. Name of the month: December 2018 (1st 2 weeks); Required amount of the weekly average (2.5%): Tk. 45,539,559; BIFC maintained on weekly average: Tk. 74,243; Shortfall on weekly average: Tk. 45,465,315. Name of the month: December 2018 (2nd 2 weeks); Required amount of the weekly average (2.5%): Tk. 45,539,559; BIFC maintained on weekly average: Tk. 106,774; Shortfall on weekly average: Tk. 45,432,784

(7) Deficit of Statutory Liquidity Requirement (SLR): As per FID circular No.-6, November-06, 2003 and FID Circular -2, Dated: November-10, 2004 every Financial Institutions of Bangladesh has to maintain 5% SLR on balance on average of total liability as prescribed by Bangladesh Bank circular from time to time, but in course of our audit for the year ended December 31, 2018, we observed that BIFC failed to maintain sufficient balance as per Bangladesh Bank circular. Details are as follows: Name of the Month: March 2018; Required Balance (5% of total liabilities): Tk. 116,185,608; BIFC Maintained: 113,220,259; Shortfall: 2,965,348; Remarks: Deficit of SLR. Name of the Month: April 2018; Required Balance (5% of total liabilities): Tk. 116,950,386; BIFC Maintained: Tk.105,155,195; Shortfall: Tk. 11,795,190; Remarks: Deficit of SLR. Name of the Month: June 2018; Required Balance (5% of total liabilities): Tk. 122,361,258; BIFC Maintained: Tk. 105,908,368; Shortfall: Tk. 16,452,890; Remarks: Deficit of SLR. Name of the Month: July 2018; Required Balance (5% of total liabilities): Tk. 116,398,709; BIFC Maintained: Tk. 105,409,834; Shortfall: Tk.10,988,875; Remarks: Deficit of SLR. Name of the Month: August 2018; Required Balance (5% of total liabilities): Tk. 111,349,707; BIFC Maintained: Tk. 11,223,480; Shortfall: Tk. 100,126,226; Remarks: Deficit of SLR. Name of the Month: September 2018; Required Balance (5% of total liabilities): Tk. 114,029,643; BIFC Maintained: Tk.

104,777,438; Shortfall: Tk. 9,252,205; Remarks: Deficit of SLR. Name of the Month: November 2018; Required Balance (5% of total liabilities): Tk. 121,900,299; BIFC Maintained: Tk. 98,893,353; Shortfall: Tk. 23,006,945; Remarks: Deficit of SLR. Name of the Month: December 2018; Required Balance (5% of total liabilities): Tk. 112,463,547; BIFC Maintained: Tk. 96,965,676; Shortfall: Tk. 105,497,871; Remarks: Deficit of SLR.

(8) Unable to Provide Bank Statement: Management of BIFC was unable to provide us 4 Bank statements from different bank and bank reconciliation as a result, we could not verify below mentions bank statement transactions and bank balance amount of Tk.1,901,966,64.

(9) Unable to provide Loan Statement: Management of BIFC was unable to provide us 14 Loan statements from different bank as a result, we could not confirm actual liability position of those the loan balance amount of Tk. 2,329,800,264. (10) Unable to provide us Income Tax Refundable Assessment Order: Management of BIFC was unable to provide us the assessment order in support of tax refund (Note-10.04.01) for an amount of Tk. 5,309,867.

Emphasis of Matter:

(1) The company has been facing net loss for last three years as a result Returned Earning of Tk. (9,573,969,690), total Shareholder Equity of Tk. (7,998,665,811), Net Liquidity Gap of Tk. (7,998,665,811) are negative balance. Likewise, the investment disbursement amount is very poor. As a result, those circumstances indicate uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and therefore the company may be unable to realize its assets and repay its liabilities in the normal course of business.

(2) Total outstanding amount Tk. 8,414,821,757 an amount of Tk. 8,096,801,865 has been classified as Bad and Loss as on December 31, 2018 which comprises 96.22% of the total outstanding amount. As a result, all the related financial indicators of this company suffered a serious setback.

(3) Bangladesh Industrial Finance Company Limited (BIFC) invested an amount of Tk. 117,500,000 for unquoted shares at the Banglalion Communication Limited and GMG Airlines Limited and BIFC made 100% provision against those investments.

PLFSL

The Company has informed that they have received a certificate of the Lawyer of Bangladesh Bank regarding liquidation of the Company. It was also informed that Bangladesh Bank appointed a Provisional Liquidator to take charge of the assets of the Company.

ILFSL

The auditor of the company has given the following "Basis for Qualified Opinion", "Going Concern" and "Emphasis of Matters" in the audit report of the company prepared for the year ended on 31 December 2018.

Basis for Qualified Opinion:

(1) Reference Note No.- 11: Other Liabilities, As per FID circular no. 08 dated 03 August 2002, Financial Institute should maintain provision against invested asset (classified or declassified) considering the quality of investment according to FID circulars by Bangladesh Bank. During our audit we have verified investment asset (loan, lease and advance) and identified provision BDT

2,584,370,665 should be maintained against classified investment asset (loan, lease and advance) but provision maintained the Company against classified investment asset (loan, lease and advance) is BDT 59,584,853 which is provision shortfall of BDT 2,524, 785,812.

Going Concern:

We draw attention to note no. 38 to the financial statements describe the events or matters that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of events or matters that disclosed note no. 38.

Note 38: Disclosure regarding Going Concern: There is no material uncertainty relating to going concern basis but the following matters exists at the time of preparation of the financial statements that may cast doubt to going concern basis.

(1) Operating cash flow of the company is negative as on 31 December 2018.

(2) Due to short term Liquidity crisis, the company is in problem to make payment to some of its depositors and creditors.

(3) The company had excessive reliance on short term borrowings to finance long term asset

(4) Classified invested assets (Loans, leases and advances) has been increased by 2.11%.

Emphasis of Matters:

We also draw attention to the various notes of the financial statements, which describe the effects of events or matters. Our opinion is not modified in respect of those events or matters.

(1) Reference Note No.- 3.3(a): Cash Reserve Ratio (CRR):An amount of BDT 6,349,453 has shown as Cash Reserved Ratio (CRR) maintained with Bangladesh Bank. As per FID circular no. 06 of Bangladesh Bank dated 06 November 2003 2.5% of total term deposit should be reserved in Bangladesh bank as Cash Reserve Ratio (CRR) which appeared BDT 314,459,152 of average term deposits of BDT 12,578,366,099. But management has computed and reported CRR amounting to BDT 6,349,453 based on average term deposit of November 2018 which is 98% lower than required CRR.

(2) Reference Note No.- 12.3: Capital Adequacy Ratio (CAR): 'Capital Adequacy Ratio (CAR)' of notes to the financial statements, Regulatory capital (core capital and supplementary capital) should have been maintained at BDT 4,049,464,564 as per section 4 (Gha) of the Financial Institutions Regulations 1994 (as amended) and Department of Financial Institutions and Markets (DFIM) 05 and 08 dated 24 July 2011 and 02 August 2010 respectively for minimum capital requirements. However, the capital of the Company is BDT 3,202,893,490. Hence the shortfall in regulatory capital is BDT 846,571,074 which is 21% lower than the minimum regulatory capital requirement

(3) Reference Note No.- 6.1.2.4: Other Loan: As per sec. 14(1) Ga of Financial Institution Act 1993 (as amended), the outstanding amount of exposer to a single person/counterparty or a group shall not exceed 30% of the capital at any point of time without the prior approval of the Bangladesh Bank. However, ILFSL has extended loan facilities to its subsidiary which exceeded 30% of its capital. ILFSL has outstanding loan amount of BDT 2,283,999,659 to International Leasing Securities Limited which is exceed 83% of total loan as on 31 December 2018. The aforesaid fact enumerates the non-compliance of the Financial Institution Act 1993 (as amended).

RAKCERAMIC

(Q2 Un-audited): Consolidated EPS was Tk. 0.37 for April-June 2019 as against Tk. 0.34 for April-June 2018; Consolidated EPS was Tk. 0.80 for January-June 2019 as against Tk. 0.90 for January-June 2018. Consolidated NOCFPS was Tk. 0.53 for January-June 2019 as against Tk. (0.22) for January-June 2018. Consolidated NAV per share was Tk. 16.20 as on June 30, 2019 and Tk. 16.68 as on June 30, 2018.

PURABIGEN

(Q2 Un-audited): EPS was Tk. 0.30 for April-June 2019 as against Tk. 0.21 for April-June, 2018; EPS was Tk. 0.51 for January-June 2019 as against Tk. 0.50 for January-June, 2018. NOCFPS was Tk. 0.12 for January-June, 2019 as against Tk. 0.37 for January-June 2018. NAV per share was Tk. 13.58 as on June 30, 2019 and Tk. 12.50 as on June 30, 2018.

BERGERPBL

(Q1 Un-audited): Consolidated EPS was Tk. 11.12 for April-June 2019 as against Tk. 7.39 for April-June 2018; Consolidated NOCFPS was Tk. 20.03 for April-June 2019 as against Tk. (3.38) for April-June 2018. Consolidated NAV per share was Tk. 187.31 as on June 30, 2019 and Tk. 176.18 as on March 31, 2019. The Company also informed that EPS for first quarter ended June 30, 2019 increased significantly from the same period of previous year as a result of decline in price of key raw materials and increase in net financial income. The NOCFPS increased significantly from same period of previous year mainly because of improvement in working capital management.

EXCH

Reviewing performance of few listed Companies by DSE for closure of operation: The performance of the following listed securities is under process of reviewing by DSE in line with regulation 51(1)(c) of the Dhaka Stock Exchange (Listing) Regulations, 2015 as the commercial operation/production/exploration of the issuers has been stopped for a period of consecutive three years: 1. Meghna PET Industries Ltd., 2. Beach Hatchery Ltd. and 3. United Airways (BD) Ltd.