

## Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.58%) lost 77.91 points and closed the week at 4,855.99 points. The blue-chip index DS30 (-0.07%) lost 1.13 points and stood at 1,735.93 points. The shariah based index DSES (-2.90%) lost 33.58 points and stood at 1,123.21 points. DSEX, DS30 and DSES all posted negative YTD return of -9.83%, -7.70% and -8.89% respectively.

**Total Turnover During The Week (DSE):** BDT 19.0 billion (USD 228.3 million)  
**Average Daily Turnover Value (ADTV):** BDT 3.8 billion ( $\Delta\%$  Week: -10.0%)

### Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.41% in the first session and continued to be negative in the second & third sessions by -0.49% and -1.51% respectively. Market ended with a flat movement of 0.01% in the fifth session.

### Sectoral Performance:

- The financial sectors showed mixed performance during this week. Life Insurance posted the highest gain of 7.69% followed by General Insurance (+5.83%). Mutual Funds experienced the highest loss of 0.93% followed by NBFIs (-0.86%) and Banks (-0.25%).
- The non-financial sectors posted mixed performance during this week. Telecommunication booked the highest gain of 9.79% followed by Food & Allied (+0.37%). Pharmaceuticals experienced the highest loss of 4.48% followed by Engineering (-4.15%) and Power (-0.94%).

### Macroeconomic arena:

- The central bank has backtracked from its previous decision of slashing the banks' advance-deposit ratio (ADR) in order to help them invest more for achieving expected economic growth by the end of this fiscal year (FY), 2019-20. Under the revised decision, the ADR remains unchanged at 85% for all the conventional banks and at 90% for the Shariah-based Islamic banks, according to a notification.
- Crude oil supply to Bangladesh from Saudi Arabia will not be affected despite a disruption in oil production in the kingdom following drone attacks on an oilfield and a processing facility, Bangladesh Petroleum Corporation officials said. Saudi Aramco confirmed the BPC about supplying the allocated crude oil scheduled for September. There are no scheduled shipments of the product in next two month, they said.
- Country's trade deficit dropped by 15.6% or USD 181 million in July, the first month of the current fiscal year, compared with that in the same month of last fiscal year due mainly to a dismal state of imports. The fall in trade deficit can be considered as a positive sign for the economy but there is no scope for becoming complacent due to the sorry state of imports, especially those of the productivity generating items, capital machinery and industrial raw materials.
- Data revenue for the top three mobile phone operators surged 23% to BDT 28.62 billion in the first half of the year on the back of fast-expanding 4G coverage. Grameenphone, the largest operator, earned BDT 14.10 billion from January to June in data revenue, up from BDT 11.90 billion a year ago. The second largest operator, Robi, took home BDT 10.62 billion, according to its parent company's quarterly report, which was BDT 7.99 billion during the same period last year.

- Daily sales of truck—a major goods carrier—fell 26% year-on-year in 2019 owing to bank's liquidity crisis and a slowdown in public expenditure since the last general elections. Some 32 units of trucks were sold daily on an average this year, down from 43 in 2018. From January to July this year, 5,693 units of truck were sold, compared to 12,663 units in the full-year of 2018.

### Stock Market arena:

- The ongoing conflict between top two mobile phone operators and the BTRC over the payment of the telecom regulator's dues will be resolved through discussion within three weeks, Finance Minister said on Wednesday. The minister said it was decided in the meeting that the BTRC will withdraw the show cause notice which was issued to the Grameenphone and Robi. Besides, the two operators will also withdraw the case filed with a Dhaka court, he said.
- Bangladesh Steel Re-Rolling Mills Ltd (BSRML) is set to merge with BSRM Steel Mills Ltd under the provision of section 228 and 229 of the Companies Act 1994. The merger and acquisition is subject to the consent of shareholders and approval from the High Court division of Supreme Court.

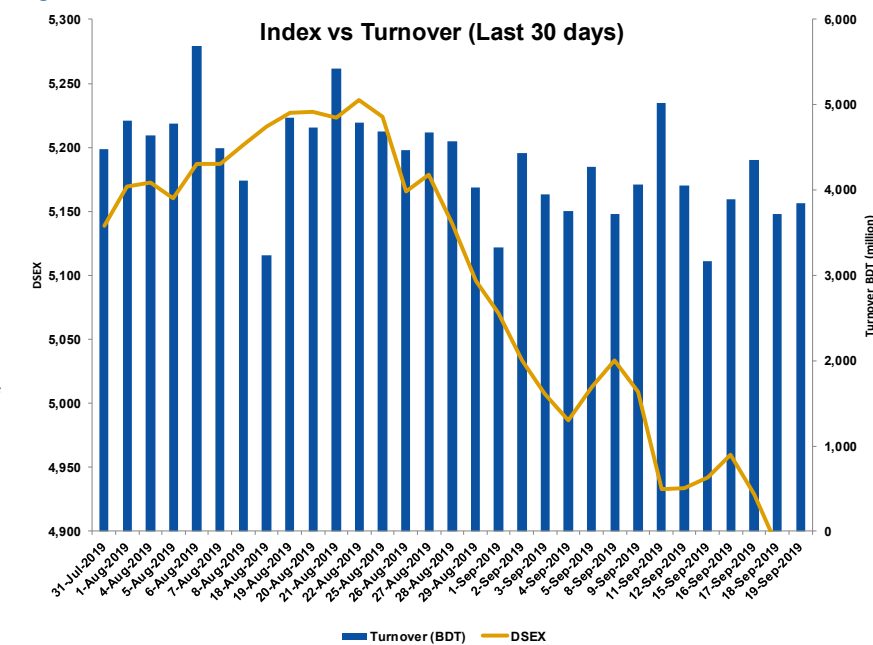
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	27-Dec-2018	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,855.99	4,933.89	-77.91	5,385.64	-1.58%	-9.83%
DS30	1,735.93	1,737.07	-1.13	1,880.78	-0.07%	-7.70%
DSES	1,123.21	1,156.79	-33.58	1,232.82	-2.90%	-8.89%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	18,495,096.7	14,897,881.9	24.1%
	Mn USD	222,484.0	179,211.9	
Turnover	Mn BDT	18,979.5	16,861.8	12.6%
	Mn USD	228.3	202.8	
Average Daily Turnover	Mn BDT	3,795.9	4,215.5	-10.0%
	Mn USD	45.7	50.7	
Volume	Mn Shares	466.8	410.7	13.7%

Figure 1: DSEX & Turnover in last four weeks



Associate:  
**Md. Rafiqul Islam**  
[mrafiqulislam@bracepl.com](mailto:mrafiqulislam@bracepl.com)

Associate:  
**Md. Mahirul Quddus**  
[mmahirul.quddus@bracepl.com](mailto:mmahirul.quddus@bracepl.com)

**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Provati Insurance	26.40	20.00	32.0%	784.1	127.08	14.6x	1.6x
Global Insurance Ltd.	24	20.00	18.0%	911.4	237.89	50.4x	2.1x
Federal Insurance	14.00	11.90	17.6%	947.2	129.11	22.6x	1.3x
Paramount Insurance	22.00	18.90	16.4%	730.9	41.71	17.2x	1.7x
Janata Insurance	17.30	15.00	15.3%	731.5	27.48	32.1x	1.5x
Agrani Insurance Co. Ltd.	23.60	20.60	14.6%	713.8	44.26	14.3x	1.4x
National Life Insurance Company Ltd.	258.30	225.50	14.5%	28,031.2	55.18	NM	25.8x
Northern Insurance	21.60	19.10	13.1%	921.4	27.28	16.2x	1.1x
Purabi Gen. Insurance Company Ltd.	16.00	14.20	12.7%	991.1	59.88	15.2x	1.4x
Republic Insurance	22.30	19.90	12.1%	966.4	47.72	16.4x	1.7x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Monno Ceramic	144.90	209.20	-30.7%	4,732.7	378.99	22.0x	2.1x
Al-Haj Textile Mills Limited	51.00	68.10	-25.1%	1,137.2	79.49	NM	4.5x
JMI Syringes & Medical Devices Ltd	392.60	520.80	-24.6%	4,318.6	523.49	51.8x	5.5x
Monno Jute Staffers	1,600.20	1,967.90	-18.7%	3,312.4	868.38	284.9x	135.1x
Saiham Cotton Mills Limited	19.60	23.70	-17.3%	2,916.0	41.67	15.4x	1.1x
Kay and Que	179.80	216.60	-17.0%	881.5	76.70	191.6x	2.3x
Gemini Sea Food	264.00	314.50	-16.1%	1,127.1	115.22	NM	24.7x
Stylecraft Limited	739.10	879.60	-16.0%	3,731.7	435.69	85.7x	11.9x
Wata Chemicals Limited	548.40	652.40	-15.9%	6,503.0	312.43	34.4x	8.6x
Saiham Textile	35.60	42.00	-15.2%	3,224.0	4.31	20.6x	1.9x

**Table 5: Top Ten Most Traded Shares**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Tubes	155.20	167.90	-7.6%	4,913.0	1,208.35	NM	0.9x
Monno Jute Staffers	1,600.20	1,967.90	-18.7%	3,312.4	868.38	284.9x	135.1x
JMI Syringes & Medical Devices Ltd	392.60	520.80	-24.6%	4,318.6	523.49	51.8x	5.5x
Square Pharmaceuticals	226.90	243.90	-7.0%	179,026.0	497.39	14.7x	2.9x
Legacy Footwear	125.30	132.60	-5.5%	1,638.9	469.66	23.6x	8.2x
Stylecraft Limited	739.10	879.60	-16.0%	3,731.7	435.69	85.7x	11.9x
Beacon Pharmaceuticals Limited	25.00	28.70	-12.9%	5,775.0	430.33	33.0x	2.0x
Fortune Shoes Limited	33.30	39.20	-15.1%	4,160.4	423.91	17.1x	2.5x
Monno Ceramic	144.90	209.20	-30.7%	4,732.7	378.99	22.0x	2.1x
British American Tobacco Bangladesh Company Limited	1,141.80	1,118.60	2.1%	205,524.0	368.18	22.0x	8.5x

**Table 8: Most Appreciated YTD in BRAC EPL Universe**

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	39.00	49.57%	2,558.0	12.2x
Marico Bangladesh Limited	1,728.80	44.04%	54,457.2	28.7x
Power Grid Co. of Bangladesh Ltd.	58.30	21.46%	26,871.2	8.3x
Singer Bangladesh	204.00	19.89%	20,339.4	22.5x
Pioneer Insurance	34.80	19.59%	2,435.3	8.6x
Glaxo Smithkline	1,692.80	16.73%	20,392.2	NM
Dutch-Bangla Bank	66.30	14.79%	33,150.0	8.2x
Berger Paints	1,530.10	13.84%	70,962.8	37.4x
Linde Bangladesh Limited	1,301.60	8.61%	19,808.1	19.5x
Eastern Bank	34.50	5.42%	28,007.1	8.1x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1333.82	1330.44	1428.63	0.25%	-6.64%
NBFIs	1661.89	1676.31	2087.55	-0.86%	-20.39%
Mutual Funds	586.08	591.60	644.52	-0.93%	-9.07%
General Insurance	1843.27	1741.72	1488.77	5.83%	23.81%
Life Insurance	2186.24	2030.21	2251.96	7.69%	-2.92%
Telecommunication	4695.70	4277.03	5088.05	9.79%	-7.71%
Pharmaceuticals	2697.92	2824.53	2698.49	-4.48%	-0.02%
Fuel & Power	1803.14	1820.19	1745.15	-0.94%	3.32%
Cement	1307.33	1331.68	1676.63	-1.83%	-22.03%
Services & Real Estate	934.16	955.70	1017.99	-2.25%	-8.23%
Engineering	2770.20	2890.05	2933.11	-4.15%	-5.55%
Food & Allied	14343.98	14290.52	15034.05	0.37%	-4.59%
IT	1731.25	1842.28	1545.46	-6.03%	12.02%
Textiles	1135.35	1198.89	1461.18	-5.30%	-22.30%
Paper & Printing	6352.97	6508.52	9105.21	-2.39%	-30.23%
Tannery	2254.53	2352.08	2560.38	-4.15%	-11.95%
Jute	16389.89	17817.05	21417.92	-8.01%	-23.48%
Ceramics	468.50	503.96	579.64	-7.04%	-19.17%
Miscellaneous	1999.97	2068.83	1943.42	-3.33%	2.91%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	187.7	217.9	-13.87%	5.18%	8.0x	0.7x
NBFIs	61.2	127.0	-51.85%	1.69%	62.9x	1.6x
Mutual Funds	69.7	104.2	-33.06%	1.92%	NM	0.5x
General Insurance	344.9	165.9	107.84%	9.51%	13.9x	1.2x
Life Insurance	63.8	56.5	12.93%	1.76%	NM	9.1x
Telecommunication	101.4	101.2	0.20%	2.80%	12.4x	9.7x
Pharmaceuticals	643.4	917.4	-29.87%	17.75%	18.8x	2.5x
Fuel & Power	227.4	293.2	-22.44%	6.27%	11.9x	2.1x
Cement	15.3	14.5	5.90%	0.42%	26.0x	2.4x
Services & Real Estate	40.0	45.3	-11.80%	1.10%	NM	0.8x
Engineering	773.2	786.1	-1.64%	21.33%	14.1x	1.7x
Food & Allied	169.7	220.9	-23.16%	4.68%	24.9x	8.4x
IT	63.3	105.4	-39.95%	1.75%	21.6x	2.7x
Textiles	332.4	399.9	-16.89%	9.17%	14.9x	0.9x
Paper & Printing	14.5	14.7	-1.33%	0.40%	20.0x	1.6x
Tannery	185.1	120.4	53.64%	5.11%	18.8x	2.5x
Jute	27.3	44.9	-39.29%	0.75%	NM	7.5x
Ceramics	114.3	180.7	-36.75%	3.15%	18.1x	1.8x
Miscellaneous	190.5	198.8	-4.17%	5.26%	26.4x	1.2x

**Table 9: Least Appreciated YTD in BRAC EPL Universe**

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	5.00	-61.68%	1,109.1	2.7x
IFAD Autos Limited	60.70	-44.00%	15,053.0	10.7x
Heidelberg Cement	198.70	-40.63%	11,227.3	16.0x
United Airways (BD) Ltd.	1.80	-37.93%	1,490.6	NM
AB Bank Limited	8.00	-33.33%	6,065.0	1786.5x
Aftab Automobiles Limited	30.70	-33.12%	2,939.0	15.4x
Lankabangla Finance	15.60	-31.88%	8,005.6	8.3x
IDLC Finance Ltd.	47.50	-31.85%	17,909.9	7.8x
Prime Finance	7.20	-24.21%	1,965.0	NM
RAK Ceramics Limited	30.60	-21.54%	11,905.3	13.8x

**Important News: Business & Economy****The International Monetary Fund (IMF) projects GDP growth rate at 7.6%**

- The International Monetary Fund (IMF) projected that the economy of Bangladesh would grow 7.6% in fiscal year (FY) 2019-20. The IMF projected the GDP growth rate at 8.0% for FY 2018-19, according to the IMF's latest Staff Report on Article IV Consultation of Bangladesh released on Wednesday.
- The Washington-based global monetary watchdog also projected that Bangladesh's inflation, as measured by the consumers' price index (CPI), rose to 5.6% in the FY '20 on annual average basis from 5.5% of the previous fiscal. Meanwhile, the current account deficit is projected to be around 2.0% of GDP, according to the IMF near-term outlook.

<http://today.thefinancialexpress.com.bd/first-page/imf-projects-gdp-growth-rate-at-76pc-1568828947>

**Bangladesh Bank retreats from move to cut banks' advance-deposit ratio (ADR)**

- The central bank has backtracked from its previous decision of slashing the banks' advance-deposit ratio (ADR) in order to help them invest more for achieving expected economic growth by the end of this fiscal year (FY), 2019-20. Under the revised decision, the ADR remains unchanged at 85% for all the conventional banks and at 90% for the Shariah-based Islamic banks, according to a notification, issued by the Bangladesh Bank (BB) on Tuesday. As a result, more than 40 scheduled banks, out of 58, will be able to invest substantially in different sectors, including the share market, as they (banks) have already brought down their ADR to 83.50% in line with the BB's previous instruction. The central bank earlier re-fixed the ADR at 83.50% and 89% for the conventional banks and the Islamic banks respectively. These rates were scheduled to come into effect from September 30.
- Bankers also welcomed the BB's latest decision, saying it will help them increase credit growth, particularly to the private sector, in the near future. The managing director (MD) and chief executive officer (CEO) of the Dhaka Bank Limited said that interest rates on deposit may fall in the coming months, mainly due to the unchanged ADR limit.

<http://today.thefinancialexpress.com.bd/last-page/bb-retreats-from-move-to-cut-banks-adr-1568743536>  
<https://www.dhakatribune.com/business/banks/2019/09/17/bb-raises-adr-by-1-1-5-to-boost-investment>  
<https://www.thedailystar.net/business/news/banks-relieved-loan-deposit-ratio-stay-unchanged-1801576>  
<http://www.newagebd.net/article/84856/bangladesh-bank-raises-banks-adr>

**China won't bankroll new projects for now**

- China has turned down a proposal to fund the Barishal-Patuakhali-Kuakata four-lane project on the grounds that it will no more consider any new venture under the government-to-government cooperation. It has also requested Bangladesh to concentrate more on the timely execution of existing 27 projects for which it pledged more than USD 25 billion. China will take a long time to evaluate and implement the listed projects involving large amounts, said a letter sent to the external relations division of finance ministry recently.

<http://today.thefinancialexpress.com.bd/first-page/china-wont-bankroll-new-projects-for-now-1568742557>

**Executive Committee of the National Economic Council (ECNEC) okays BDT 2.25 billion gridline project**

- The ECNEC approved installation of a high-voltage power transmission line project at a cost of BDT 2.25 billion in a bid to import power from Jharkhand in India. Presided over by the Prime Minister, the ECNEC meeting on Tuesday endorsed the project along with seven others at a combine cost of BDT 89.68 billion. The ECNEC meeting also approved a BDT 23.88-billion cost project, under which 100-bed full-fledged cancer centers will be set up in every government medical college hospital in the divisional cities.

<http://today.thefinancialexpress.com.bd/last-page/ecnec-okays-BDT-225b-gridline-project-1568743051>  
<https://www.dhakatribune.com/bangladesh/government-affairs/2019/09/17/ecnec-clears-project-of-100-bed-cancer-centre-in-each-division>

**Saudi assures Bangladesh oil supply not to face disruption despite drone attacks**

- Crude oil supply to Bangladesh from Saudi Arabia will not be affected despite a disruption in oil production in the kingdom following drone attacks on an oilfield and a processing facility, Bangladesh Petroleum Corporation officials said. BPC officials on Tuesday said that they had already had communications with Saudi Aramco, the country's state-owned oil company, and the company confirmed the BPC about supplying the allocated crude oil scheduled for September. There are no scheduled shipments of the product in next two month, they said.
- They said that some 100,000 tonnes of Arab crude oil are scheduled to be loaded for shipment on September 27. According to the BPC, Bangladesh imports around 700,000 tonnes or half of the total demand (1.2-1.3 million tonnes) for crude oil from Aramco. The remaining crude oil is imported from the United Arab Emirates' Abu Dhabi National Oil Company (ADNOC). Hopefully, there will be no supply shortage for Bangladesh as we imports only 7 per cent to 8 per cent of the country's total demand for both crude and refined petroleum products from Saudi Arabia, BPC chairman said.

- Bangladesh's current annual demand for petroleum products including diesel, octane, furnace oil and aviation fuel is 5.8 million tonnes. Bangladesh imports a large volume of refined petroleum oils from different countries under government-to-government agreements while the remaining volume is procured through tender. The BPC would go for alternative sources if normalcy in production and supply facility in Saudi Arabia does not return, he said. Saudi authorities said that it might take months for the situation becoming normal.

<http://www.newagebd.net/article/84857/saudi-assures-bangladesh-oil-supply-not-to-face-disruption-despite-drone-attacks>

**July trade deficit eases by 15.6%**

- Country's trade deficit dropped by 15.6% or USD 181 million in July, the first month of the

current fiscal year, compared with that in the same month of last fiscal year due mainly to a dismal state of imports. The country's trade deficit decreased to USD 979 million in July of FY 2019-20 against USD 1.16 billion in the same month of FY 2018-19. The fall in trade deficit in July this fiscal was the continuation of the trend observed in last fiscal. In FY19, trade deficit fell by 14.76% to USD 15.49 billion from the record USD 18.18 billion deficit in FY18.

- The fall in trade deficit can be considered as a positive sign for the economy but there is no scope for becoming complacent due to the sorry state of imports, especially those of the productivity generating items, capital machinery and industrial raw materials, experts and bankers said. Imports witnessed lenient 2.26% growth in July against 8.11% growth in export earnings, bringing down the trade deficit significantly. In July this year, import payments were USD 4.81 billion against USD 4.70 billion in the same month last year. On the other hand, export earnings reached USD 3.83 billion in the first month of FY20 against USD 3.54 billion in the same month of last fiscal year.

- Of the export earnings, export of readymade garments that constitute 86.5% of the country's exports increased to 9.68% to USD 3.31 billion from USD 3.02 billion. Due to the fall in import payments against notable growth in exports, current account balance turned positive USD 240 million in July against negative USD 179 million in the same month of FY19. Besides the current account balance, the country's overall balance also turned positive USD 124 million in July of FY20 against negative USD 199 million in the same month last year.

- The BB data also showed that the country attained USD 214 million net foreign direct investment in July this year against USD 200 million in the same month last year. However, the net portfolio investment, meant for the investment in the country's capital market, dropped to USD 7 million from USD 17 million. The BB statement also showed that the country's gross reserve stood at USD 32.55 billion in July this year from USD 32.09 billion in July last year.

<http://www.newagebd.net/article/84760/july-trade-deficit-eases-by-156pc>

### **Telcos' data revenue surges**

- Data revenue for the top three mobile phone operators surged 23% to BDT 28.62 billion in the first half of the year on the back of fast-expanding 4G coverage. In February 2018, Grameenphone, Robi and Banglalink rolled out the fourth-generation service. State-run Teletalk followed suit in December but it does not make data public. A subscriber consumes more than 1.5GB of data every month on an average, up from below 1GB at the end of the second quarter last year.

- Grameenphone, the largest operator, earned BDT 14.10 billion from January to June in data revenue, up from BDT 11.90 billion a year ago. The second largest operator, Robi, took home BDT 10.62 billion, according to its parent company's quarterly report, which was BDT 7.99 billion during the same period last year. Banglalink, the third biggest operator, made BDT 4.29 billion up from BDT 3.41 billion in the same period in 2018.

- The chief corporate and regulatory officer at Robi pointed out policy inconsistency and uncertain regulatory regime which is discouraging investment. As a result, data usage is not increasing as expected. As for example, the Quality of Service Guideline has made it mandatory for operators to provide 7Mbps of speed to 4G subscribers, he said. But in case of video streaming or other 4G services, a speed of 3Mbps is sufficient for the users to

enjoy the services. If they have to ensure 7 Mbps speed, each operator will need an additional 10 MHz of spectrum every year. If the current situation persists, digitalization will come to a halt and data consumption will not grow further, he added.

<https://www.thedailystar.net/business/telecom/mobile-phone-operators-data-revenue-surges-1801117>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) may face investment arbitration soon**

- With the serving of show-cause notices on Robi and Grameenphone as to why their licenses will not be cancelled for not paying the so-called 'dues', the Bangladesh Telecommunication Regulatory Commission (BTRC) has come further closer to facing investment lawsuits. In July last year, the BTRC demanded BDT 8.67 billion in taxes from Robi Axiata Ltd. Earlier this year, the commission claimed BDT 125.79 billion from Grameenphone Ltd, the largest mobile phone operator in the country. Both Robi and Grameenphone have described the claims as ill-founded.

- In this backdrop, cancellation of license of Robi and Grameenphone will allow their respective foreign investors to espouse investment claims at international forum. Since Bangladesh has concluded bilateral investment treaties (BIT) with Malaysia, Singapore and Japan, it will not be much problematic for the foreign shareholders in Robi to bring investment disputes before the International Centre for Settlement of Investment Disputes (ICSID) tribunal. On the other hand, Bangladesh has not concluded any BIT with Norway. Therefore, the possibility of bringing an investment dispute by TMC or Telenor ASA will much depend on their corporate structures. Apart from Telenor Group, there are chances that other foreign shareholders in Grameenphone may avail of ICSID arbitration if Bangladesh has already concluded BIT with the country of which any such shareholder is a national.

- One should take note of the fact that both Robi and Grameenphone have proposed to submit their respective disputes to arbitration under the Arbitration Act, 2001, but the which BTRC has turned down on the excuse that the Telecommunication Act, 2001 does not envisage any scope for such arbitration.

- At this point, one cannot fail to notice that the BTRC's actions to realize the claimed amounts from Robi and Grameenphone are not in compliance with the Telecommunication Act, 2001. For instance, section 26 of the Act provides that the Public Demand Recovery Act, 1913 could be availed of in order to recover dues owed to the BTRC. Thus, the BTRC's strategy to recover dues by resorting to threat of cancellation of license without having recourse to the Act of 1913 constitutes evasion of its legal obligation under the Telecommunication Act. If investment arbitration ultimately ensues, there is strong likelihood that these factors will count against the BTRC. Being a statutory body, the BTRC's actions will be squarely attributable to Bangladesh.

<https://www.thedailystar.net/business/telecom/btrc-may-face-investment-arbitration-soon-1801063>

### **Telcos to run TVAS without foreign partnership**

- The Bangladesh Telecommunication Regulatory Commission (BTRC) will give permission to mobile phone operators under the proposed unified license to run telecommunication Value Added Services (VAS) on their own and without entering into any partnership with



foreign firms. Earlier, the BTRC had decided to give licenses to foreign firms for VAS, provided they gave at least 30% ownership to local firms. Now, the mobile phone operators under the unified telcos' licensing guideline will be able to run the VAS with 100% ownership.

- VAS refers to those telecommunication services, other than the core services (voice call, SMS, data), that add value to the core. These are electronically consumable and deliverable through any access network service using direct operator billing and/or any payment method approved by the central bank. VAS includes m-health, caller ring back tone and location-based services.

<http://m.theindependentbd.com/post/215714>

### **Credit flow to new SMEs dries up**

- Credit flowing to new small entrepreneurs fell significantly in the first-half of the year as risk-averse bankers were unwilling to offer such loans. The total lending to the fresh small and medium enterprises sector decreased by more than 15% to BDT 112.93 billion in the January-June period of the year from BDT 132.90 billion in the same period of 2018, according to the central bank latest statistics. All banks and non-banking financial institutions together disbursed the loans to new enterprises in the SME sector.

- Meanwhile, the number of new enterprises slipped by more than 17% to 65,350 in the first half of 2019 from 78,822 in the same period last year. Most banks prefer to avoid investing in the new enterprises considering the lack of experience, documents and transactions, banking sector people said. The government has already formed a high-powered committee to formulate a guideline for facilitating new entrepreneurs along with freelancers of Bangladesh.

<http://today.thefinancialexpress.com.bd/trade-market/credit-flow-to-new-smes-dries-up-1568654555>

### **Government eyes 300MW rooftop solar power**

- The government is looking to use the rooftops of factories and public agencies to generate about 300MW of clean electricity through solar photovoltaics (PV) -- a move that can slash emissions and dependency on fossil fuel. We are considering rooftops because of scarcity of land suitable for setting up solar power plants to generate renewable energy -- and we have a lot of rooftops, said a member of the Sustainable & Renewable Energy Development Authority (Sreda). The move comes at a time when the government is falling behind its target of generating 10% of electricity by renewable energy by 2020. The share of renewable energy is just 2.83%, according to Sreda. Bangladesh's current power generation capacity is 20,834 MW, with the country remaining heavily dependent on fossil fuels and conventional energy resources to meet its energy demand for a growing economy.

- To increase generation of renewable energy, the government signed power purchase agreements with 11 private firms that took initiatives to establish solar parks. But thus far, only two have started operations. A lack of availability of suitable land has been blamed the most for the sluggish progress, according to officials. Rooftops of public agencies and plants offer good potential, the member of Sreda said, adding that the Sreda is hoping to generate 300 MW of electricity over the next four years through rooftops..

<https://www.thedailystar.net/business/government-eyes-300mw-rooftop-solar-power-1801123>

### **Listing of State-Owned Enterprises (SOE) to pick up speed: Finance Minister**

- A high-stake meeting on Monday decided to speed up the process of listing of state-owned enterprises to help revive the country's ailing capital market. Also, an internal audit department will be established under the securities regulator to look into the financials and operations of the listed companies. On the other hand, steps will be taken to ensure 'fair' prices of initial public offerings.

- The finance minister told reporters they have taken on the challenge of restoring investors' confidence in the capital market by removing the 'hurdles' that constrain the market's growth. An internal audit department will be established in the SEC, which will look into the financial statements of the listed companies round the year, the minister said. He said the process of listing state-owned enterprises and other private companies having good fundamentals would be intensified.

<http://today.thefinancialexpress.com.bd/first-page/listing-of-soes-to-pick-up-speed-1568655788>

<https://www.thedailystar.net/business/news/special-committee-heal-stock-ills-1801105>

### **Get listed within three months or lose licenses: Finance Minister**

- Finance Minister said the licenses of the country's non-listed insurance companies will be cancelled, if they fail to get listed within the next three months. Among the 75 insurance companies in the country, 47 are listed. According to the Insurance Act, the insurers are to get listed on the bourses within three years from the date of starting their operation. The minister said license cancellation of the non-compliant insurance companies will be implemented in three phases. Replying to a question, the finance minister said the three-month period will start from next month (October). However, he expressed the hope that the insurance companies concerned will enter the stock market within the timeframe.

- According to the IDRA, there are 78 insurance companies in the country, of which 32 are life insurers and 46 are non-life ones. The country's insurance sector witnessed an overall investment of BDT 369.35 billion in 2018 with a 3.20% growth.

<http://today.thefinancialexpress.com.bd/first-page/get-listed-within-three-months-or-lose-licenses-1568569577>

<http://www.newagebd.net/article/84664/28-insurers-must-get-enlisted-with-capital-market-by-dec-mustafa>

### **July imports drop by over 2.0%**

- Country's overall import dropped by more than 2.0% in the first month of the current fiscal year (FY) 2019-20 following announcement of the national budget, officials said. The settlement of letters of credit (LCs), generally known as actual import, came down to USD 4.57 billion in July of this fiscal year from USD 4.69 billion during the same period of the previous fiscal, according to the central bank's latest statistics. A senior official of the Bangladesh Bank (BB) said import normally falls after announcement of the national budget. The central banker expects that overall import may pick up in the coming months to meet the growing demands for construction materials for implementation of the ongoing

projects particularly mega infrastructure projects across the country.

<http://today.thefinancialexpress.com.bd/trade-market/july-imports-drop-by-over-20pc-1568303875?date=13-09-2019>

### **Asian Development Bank (ADB) to lend USD 5.0 billion over three years**

• The Asian Development Bank (ADB) will provide USD 5.0 billion worth financial support to Bangladesh in the next three years through 2022 for its infrastructure and poverty reduction. The Manila-based lender has recently finalized the country operations business plan for 2020-2022, it said in a statement on Friday. Under the plan, the bank, the country's second-largest multilateral lender after the World Bank, has set aside another USD 4.9 billion in the pipeline, which it calls as "standby" fund. Based on the Bangladesh's requirements, the lender will provide necessary funds from the standby package.

<http://today.thefinancialexpress.com.bd/first-page/adb-to-lend-50b-over-three-years-1568395638?date=14-09-2019>

### **Truck sales down 26.0%**

• Daily sales of truck—a major goods carrier—fell 26% year-on-year in 2019 owing to bank's liquidity crisis and a slowdown in public expenditure since the last general elections. Some 32 units of trucks were sold daily on an average this year, down from 43 in 2018, according to the registration record of the Bangladesh Road Transport Authority (BRTA) and industry people. From January to July this year, 5,693 units of truck were sold, compared to 12,663 units in the full-year of 2018.

• The managing director of Ifad Autos Ltd. said that the sale of commercial vehicles depends on the existing market condition of the cement and steel sectors as well as the export and import volumes. According to him, the sales in other major sectors have also slowed since January, affecting the sales of trucks. Some corporate clients failed to take delivery of trucks despite making the minimum payment in advance as they could not secure loans from banks, he added. The chairman of Runner Group, distributor of Eicher branded trucks, said the company's prediction on the sales of truck mismatched with the final figure as the sales declined.

• Existing trucks have the ability to provide services to the businesses as traffic congestion has lessened on the highways and the travel time has also come down due to widening of the highways. The chairman of Nitol Niloy Group said that the pre- and post-election moods have an impact on the market, which caused the fall of the sales of commercial vehicles, particularly trucks. He also said that the government was cautious in spending money for development activities, so big clients did not buy trucks. The businessman is, however, bullish that the sales may go up in the fourth quarter as the government will disburse funds and the clients will buy trucks when money flow increases.

<https://www.thedailystar.net/business/news/truck-sales-down-26pc-1800244>

### **Insurers lick lips as fixed commission takes effect**

• Local non-life insurers expect to bag an additional income of BDT 10 billion, helped by the implementation of a 15% agent commission. The commission against business procurement has been made effective since August. Currently, the annual turnover of the privately-owned general insurance firms is around BDT 18 billion. There are 45 non-life

insurers in the private sector. Another non-life and re-insurer is state-owned Sadharan Bima Corporation, which earns around BDT 12 billion a year.

• In July last, the IDRA issued two orders regarding the 15% agent commission while procuring the nonlife business. The watchdog did it as many firms provide as high as 70% commission for procuring business, which ultimately impacts the financial health of the insurance companies. Even this practice weakened the companies' ability to make claims. There have been instances of diverting business from one insurer to another, the BIA chief said, adding many insurers did it luring agents into higher commissions.

<http://today.thefinancialexpress.com.bd/last-page/insurers-lick-lips-as-fixed-commission-takes-effect-1568479547>

### **After GSK, Sanofi decides on wind-up**

• Global drug colossus, Sanofi, is set to wind up its Bangladesh operations after decades of producing key life-saving pharmaceutical products, officials said. Last week, the French company conveyed its decision on leaving Bangladesh to the state-run Bangladesh Chemical Industries Corporation, which controls around 20% stakes in its local operations. The decision comes in less than 15 months after the departure of GlaxoSmithKline, which had left Bangladesh as it found the market to be "not sustainable."

• The government owns 45.32% shares in the multinational company and the rest by the Sanofi. Each year, the company provides dividend to the national exchequer amounting to more than BDT 15 million. Economists and analysts have expressed the concern over the company's planned exit, saying the government should hold regular dialogues with foreign investors to see where the problems lie. They have warned that this may impact adversely on the country's foreign direct investment (FDI) in the years to come.

• Bangladesh's drug market has been expanding at a double-digit rate, reaching at around USD 2.0 billion. Sanofi holds over 2.0% shares in the booming local pharmaceuticals market.

<http://today.thefinancialexpress.com.bd/first-page/after-gsk-sanofi-decides-on-wind-up-1568395421?date=14-09-2019>

## **Important News: Capital Market**

### **GP-Robi's conflict with Bangladesh Telecommunication Regulatory Commission (BTRC) to be resolved in 3 weeks: Finance minister**

• The ongoing conflict between top two mobile phone operators and the BTRC over the payment of the telecom regulator's dues will be resolved through discussion within three weeks, Finance Minister said today. We will reach at a solution over the conflict of Grameenphone and Robi with the BTRC for their failure to pay unpaid dues. The conflict will be resolved through discussion within three weeks, he said. The minister said it was decided in the meeting that the BTRC will withdraw the show cause notice which was issued to the Grameenphone and Robi. Besides, the two operators will also withdraw the case filed with a Dhaka court, he said.

• On September 5, BTRC issued show cause notices to Mobile carriers Robi and Grameenphone asking them to explain within 30 days why their licenses would not be

cancelled for not paying the dues. Robi and Grameenphone, on August 25 and 26 respectively, filed two cases with a Dhaka court, seeking permanent injunctions against the telecom regulator's audit claims of BDT 134.47 billion.

<https://www.thedailystar.net/business/grameenphone-gp-btrc-conflict-over-dues-be-resolved-3-weeks-1801723>  
<http://today.thefinancialexpress.com.bd/first-page/government-opts-for-amicable-solution-1568828688>  
<http://www.newagebd.net/article/84937/gp-robi-audit-claims-dispute-to-be-solved-mutually-in-2-3-weeks>  
<https://www.thedailystar.net/business/telecom/news/kamal-steps-mediator-1802125>  
<https://www.dhakatribune.com/business/2019/09/18/govt-softens-stance-on-gp-robi>

### **Monno under Bangladesh Securities and Exchange Commission (BSEC) scanner**

• The Bangladesh Securities and Exchange Commission (BSEC) yesterday asked Dhaka Stock Exchange (DSE) to investigate alleged manipulation of stocks of Monno Jute Staffers and Monno Ceramic Industries. The stock market regulator also directed the Dhaka bourse to send the probe report on the two low-cap companies' stocks within the next 14 working days. The stocks of Monno Jute Staffers rose 196% to BDT 2,032 in the last one and a half months till September 11 while that of Monno Ceramic Industries 85% to BDT 237. The paid-up capital of Monno Ceramic and Monno Jute is BDT 320 million and BDT 20.7 million respectively.

<https://www.thedailystar.net/business/news/monno-under-bsec-scanner-1802116>

### **Bangladesh Securities and Exchange Commission (BSEC) approves Standard Bank's subordinated bond of BDT 5.0 billion**

• The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday approved a fully redeemable Non-convertible Subordinated Bond of BDT 5.0 billion in favour of Standard Bank Limited. The purpose of the issuance is to strengthen the capital base (Tier-2) of the company. The tenure of the Standard Bank bonds will be seven years. The per-unit price of the Bond has been fixed at BDT 10 million. MTB Capital Limited will act as the trustee and City Bank Capital Resources Limited arranger for the Bond.

<https://www.dhakatribune.com/business/stock/2019/09/19/bsec-approves-standard-bank-s-subordinated-bond-of-BDT500cr>  
<https://www.thedailystar.net/business/news/monno-under-bsec-scanner-1802116>

### **Merger between BSRML and BSRM Steel Mills in the offing**

• Bangladesh Steel Re-Rolling Mills Ltd (BSRML) is set to merge with BSRM Steel Mills Ltd under the provision of section 228 and 229 of the Companies Act 1994. The merger and acquisition is subject to the consent of shareholders and approval from the High Court division of Supreme Court, said an official disclosure on Tuesday. Bangladesh Steel Re-Rolling Mills (a listed entity) is currently holding around 44.97% stake in the (non-listed) BSRM Steel Mills Ltd. The board has decided to acquire 100% stake of BSRM Steel Mills by Bangladesh Steel Re-Rolling Mills paving the way for merger of BSRM Steel Mills with Bangladesh Steel Re-Rolling Mills by issuing shares against rest of the stakes (around 55.03%) of BSRM Steel Mills after completion of all legal and regulatory formalities.

<http://today.thefinancialexpress.com.bd/stock-corporate/merger-between-bsrml-and-bsrm-steel-mills-in-the-offing-1568737527>

### **Pre-IPO and post-IPO earnings raise questions**

• Earnings of many companies drop even after three-four years of their listing in the bourses, whereas stock investors expect it will rise with the investment of the proceeds from the initial public offering. Once their earnings slide, their stock price follow suit, leaving a hole in the stock investors' portfolio. Between 2012 and 2016, 63 companies withdrew capital from the stock market to go for further investment and loan repayment -- with the promise that their earnings will rise. Of them, earnings of 45 companies fell, 17 rose and one has been merged with another listed company and so its data was not available. The data of companies that raised funds between 2017 and 2019 have not been considered for comparison as a company generally needs two to three years to make profit from an investment.

• Market analysts said most of the companies deliberately show higher earnings per share before getting listed. The reality of their income situation comes to the fore once they get enlisted. What is more, some companies come to the market when the sponsors think the business is sinking. After completion of listing, such companies' earnings go down slowly and move towards the junk stock's status.

<https://www.thedailystar.net/business/news/pre-and-post-ipo-earnings-raise-questions-1801120>

### **Two banks to issue BDT 21 billion bonds**

• Islami Bank Bangladesh and Mutual Trust Bank have decided to issue bonds worth of total BDT 21 billion subject to approval of the regulatory authorities, according to official disclosures on Sunday. Mutual Trust Bank: Mutual Trust Bank has decided to issuance of non-convertible perpetual bond of BDT 4.0 billion and issuance of seven years non-convertible subordinated bond of BDT 5.0 billion.

• Islami Bank: The board of directors of Islami Bank Bangladesh on June 19 decided to issue "IBBL Third Mudaraba Redeemable Non-Convertible Subordinated Bond" of BDT 12 billion under Mudaraba Principle of Islamic Shari'ah. The Islami Bank has further informed on Sunday that the board of directors has taken decision to raise the Tier-II capital of the bank under Basel-III through issuance of seven years "IBBL Third Mudaraba Redeemable Non-Convertible Subordinated Bond".

<http://today.thefinancialexpress.com.bd/stock-corporate/two-banks-to-issue-BDT-21b-bonds-1568568461>