

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.75%) lost 91.60 points and closed the week at 5,130.70 points. The blue-chip index DS30 (-1.51%) lost 28.13 points and stood at 1,829.58 points. The shariah based index DSES (-1.55%) lost 18.46 points and stood at 1,176.14 points. DSEX, DS30 and DSES all posted negative YTD return of -4.73%, -2.72% and -4.60% respectively.

Total Turnover During The Week (DSE): BDT 16.4 billion (USD 196.9 million)
Average Daily Turnover Value (ADTV): BDT 3.3 billion (Δ% Week: -22.5%)

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 0.82% in the first session and continued to be negative in the second sessions by -1.70%. Market corrected itself in the third session by +0.65% and continued to be positive in the fourth session by +0.17%. Market ended with a negative movement of 0.05%.

Sectoral Performance:

- The financial sectors showed negative performance during this week except mutual funds (+0.40%). NBFIs posted the highest loss of 3.97% followed by General Insurance (-2.98%), Life Insurance (-1.39%), and Banks (-0.81%).
- All the non-financial sectors posted negative performance during this week. Engineering posted the highest loss of 2.95% followed by Food & Allied (-2.09%), Pharmaceuticals (-1.40%), Power (-1.03%), and Telecommunication (-0.73%).

Macroeconomic arena:

- Country's imports grew by nearly 6.0% in the first 11 months of fiscal year (FY) 2018-19, riding on higher construction material imports, officials said. The actual import in terms of the settlement of letters of credit (LCs) rose to USD 50.57 billion during the July-May period from USD 47.79 billion in the same period of FY '18, according to the central bank's latest data.
- Prices of garment items exported from Bangladesh dipped by 1.61% over the last four years, a reflection of the pressure international clothing retailers and brands always put on the garment manufacturers for lowering prices. If the period between fiscal 2015-16 and 2018-19 are taken into consideration, price per unit of garment items increased only last year by 1.42%, according to data from Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- A total of six directors of four listed banks do not hold a minimum 2% share in their own companies. As per a stock market regulator directive, every director other than an independent director of a listed company will hold a minimum of 2% shares of the paid-up capital. Otherwise, there shall be a casual vacancy of director. Any individual holding 5% or more shares will be entitled to be a director in their place. Meanwhile, as per rules all sponsors or promoters and directors of a listed company shall all time jointly hold minimum 30% shares of the paid-up capital of the company.

Stock Market arena:

- The telecom regulator is set to lift the partial block on the bandwidth capacity of Grameenphone and Robi after the government stepped in to give relief to the millions of internet users of the two operators. On July 4, the telecom regulator slashed Grameenphone's bandwidth by 30% and Robi's by 15% for non-payment of dues detected in audits -- enough to slow down the internet speed and raise the call drop frequency of the two operators.
- The Bangladesh Securities and Exchange Commission (BSEC) on Tuesday approved a number of amendments to public issue rules 2015, bringing some changes to the initial public offering (IPO) system. The lock-in period for placement shareholders was increased from one to two years. Moreover, the lock-in period of sponsors of the issuer company will be counted from the date of commencement of trading. Previously it was from the prospectus issue date.
- The Dhaka Stock Exchange (DSE) has rearranged its blue chip index (DS30) as part of its semi-annual rebalancing of indices. The five new companies are Islami Bank Bangladesh, The ACME Laboratories, Meghna Petroleum, Active Fine Chemicals and Bangladesh Submarine Cable Company, said a DSE statement on Wednesday. At the same time, five companies will be dropped from the DS30 as they failed to meet regulatory criteria. The companies are Pubali Bank, Padma Oil Company, BSRM Steels, RAK Ceramics (BD) and ACI Limited.
- The Baraka Shikalbaha Power Limited (BSPL) started commercial operation of its 105 mw HFO-fired IPP power plant situated at Shikalbaha in Chattogram. BSPL is a 51% subsidiary of Baraka Patenga Power Limited, where Baraka Power Limited has directly invested in 20% equity and through cross holding aggregately holds 46.01% ownership.

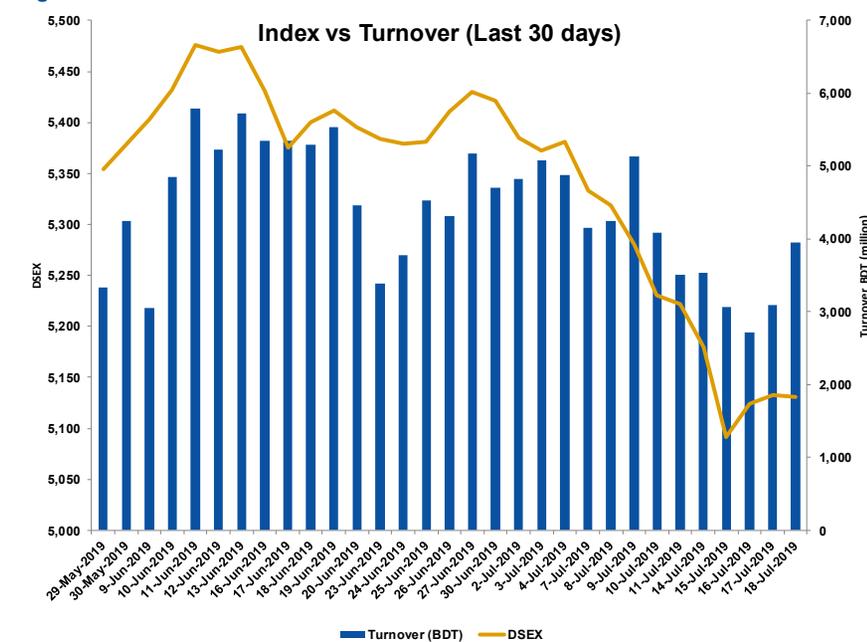
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	5,130.70	5,222.30	-91.60	5,385.64	-1.75%	-4.73%
DS30	1,829.58	1,857.71	-28.13	1,880.78	-1.51%	-2.72%
DSES	1,176.14	1,194.60	-18.46	1,232.82	-1.55%	-4.60%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,098,831.2	19,519,420.9	-2.2%
	Mn USD	229,746.6	234,806.0	
Turnover	Mn BDT	16,367.7	21,128.8	-22.5%
	Mn USD	196.9	254.2	
Average Daily Turnover	Mn BDT	3,273.5	4,225.8	-22.5%
	Mn USD	39.4	50.8	
Volume	Mn Shares	601.4	812.6	-26.0%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Sea Pearl Beach Resort & Spa Limited	36.20	18.30	97.8%	3,620.0	306.06	NM	3.5x
SEML FBLSL Growth Fund	28	17.60	58.0%	2,027.9	5.84	NM	2.8x
Vanguard AML Rupali Bank Balanced Fund	10.00	7.50	33.3%	1,587.5	12.71	NM	0.8x
Meghna Pet Industries	11.30	9.20	22.8%	135.6	.64	NM	NM
Alltex Ind. Ltd.	11.30	9.30	21.5%	632.4	6.34	NM	0.6x
Vanguard AML BD Finance Mutual Fund One	9.30	7.80	19.2%	970.2	8.72	NM	0.9x
Fortune Shoes Limited	39.90	34.40	16.0%	4,984.9	964.76	20.4x	2.9x
SEML Lecture Equity Management Fund	10.20	9.00	13.3%	510.0	82.00	NM	1.0x
Beach Hatchery Ltd.	14.90	13.30	12.0%	616.9	9.47	656.3x	1.4x
SEML IBBL Shariah Fund	10.20	9.20	10.9%	1,020.0	21.44	NM	1.0x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
BIFC	2.90	4.40	-34.1%	292.0	1.04	NM	NM
First Finance Limited	4.00	5.50	-27.3%	464.9	2.18	NM	0.5x
Fareast Finance & Investment Limited	3.50	4.60	-23.9%	574.2	3.29	NM	0.7x
Pragati Life Insurance	124.70	158.50	-21.3%	1,914.3	68.31	NM	12.5x
Emerald Oil Industries Ltd.	11.10	14.00	-20.7%	662.8	2.18	97.5x	0.7x
Al-Haj Textile	46.80	59.00	-20.7%	1,043.6	57.00	NM	4.2x
Union Capital	7.70	9.70	-20.6%	1,328.8	22.10	2.6x	0.5x
International Leasing	6.80	8.50	-20.0%	1,436.5	61.02	3.5x	0.5x
Delta Spinnings Ltd.	4.90	6.10	-19.7%	815.8	3.68	19.5x	0.4x
Monno Ceramic	142.20	175.50	-19.0%	4,644.5	287.08	21.6x	2.0x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fortune Shoes Limited	39.90	34.40	16.0%	4,984.9	964.76	20.4x	2.9x
United Power Generation & Distribution Company Ltd	376.70	377.70	-0.3%	180,472.1	508.85	24.4x	12.7x
Grameenphone Ltd.	330.30	331.60	-0.4%	446,004.1	356.15	11.8x	10.5x
Sinobangla Industries	68.20	64.80	5.2%	1,363.8	332.03	38.6x	3.1x
Federal Insurance	15.70	15.40	1.9%	1,062.2	323.51	25.3x	1.4x
Sea Pearl Beach Resort & Spa Limited	36.20	18.30	97.8%	3,620.0	306.06	NM	3.5x
National Life Insurance Company Ltd.	262.20	260.40	0.7%	28,454.5	302.63	NM	26.2x
Beacon Pharmaceuticals Limited	21.60	19.90	8.5%	4,989.6	302.26	28.5x	1.7x
Monno Ceramic	142.20	175.50	-19.0%	4,644.5	287.08	21.6x	2.0x
Dhaka Insurance Limited	40.70	38.40	6.0%	1,633.1	271.25	21.5x	1.8x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	37.70	44.58%	2,472.8	11.8x
Marico Bangladesh Limited	1,493.40	24.43%	47,042.1	24.8x
Power Grid Co. of Bangladesh Ltd.	56.90	18.54%	26,225.9	8.1x
Singer Bangladesh	197.40	16.01%	19,681.3	21.8x
Pioneer Insurance	33.70	15.81%	2,358.3	8.3x
Dutch-Bangla Bank	66.40	14.96%	33,200.0	10.8x
Eastern Bank	37.40	14.28%	30,361.3	9.8x
Eastern Housing	50.70	8.80%	4,732.6	14.3x
IFIC Bank	9.80	8.79%	15,874.8	8.8x
BATBC	1,275.00	8.00%	229,500.0	24.6x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1419.98	1431.59	1848.21	-0.81%	-23.17%
NBFIs	1812.22	1887.12	2714.85	-3.97%	-33.25%
Mutual Funds	761.89	758.85	788.81	0.40%	-3.41%
General Insurance	1923.94	1982.94	1592.30	-2.98%	20.83%
Life Insurance	2279.86	2312.10	1834.85	-1.39%	24.25%
Telecommunication	4613.10	4647.14	6494.31	-0.73%	-28.97%
Pharmaceuticals	2699.65	2737.93	2821.05	-1.40%	-4.30%
Fuel & Power	1885.21	1904.91	1527.27	-1.03%	23.44%
Cement	1384.58	1385.31	2280.58	-0.05%	-39.29%
Services & Real Estate	1009.14	936.48	1224.11	7.76%	-17.56%
Engineering	2899.68	2987.76	3166.83	-2.95%	-8.44%
Food & Allied	15956.40	16296.90	15304.34	-2.09%	4.26%
IT	1735.15	1758.88	1484.41	-1.35%	16.89%
Textiles	1323.81	1355.49	1222.72	-2.34%	8.27%
Paper & Printing	7172.36	7456.94	1013.11	-3.82%	607.96%
Tannery	2433.16	2392.99	2642.41	1.68%	-7.92%
Jute	15481.44	16831.48	8867.22	-8.02%	74.59%
Ceramics	445.97	474.39	597.46	-5.99%	-25.36%
Miscellaneous	1952.31	1949.65	1725.62	0.14%	13.14%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	211.8	224.5	-5.63%	6.64%	9.3x	0.8x
NBFIs	92.3	107.5	-14.13%	2.89%	68.6x	1.8x
Mutual Funds	206.8	483.3	-57.21%	6.48%	NM	0.6x
General Insurance	503.5	633.2	-20.48%	15.79%	14.5x	1.3x
Life Insurance	127.4	306.2	-58.38%	4.00%	NM	9.4x
Telecommunication	101.6	100.1	1.42%	3.18%	12.2x	9.6x
Pharmaceuticals	340.5	316.4	7.60%	10.67%	18.9x	2.5x
Fuel & Power	221.0	184.6	19.76%	6.93%	12.4x	2.2x
Cement	27.0	29.8	-9.53%	0.85%	27.5x	2.6x
Services & Real Estate	94.5	47.7	98.01%	2.96%	NM	0.8x
Engineering	329.2	515.7	-36.15%	10.32%	14.7x	1.7x
Food & Allied	92.8	138.5	-33.02%	2.91%	27.7x	9.3x
IT	43.7	86.3	-49.34%	1.37%	21.7x	2.7x
Textiles	307.5	437.8	-29.76%	9.64%	17.7x	1.0x
Paper & Printing	12.6	30.9	-59.11%	0.40%	22.6x	1.9x
Tannery	216.1	77.3	179.48%	6.77%	20.3x	2.7x
Jute	6.2	15.1	-58.51%	0.20%	NM	7.1x
Ceramics	65.9	85.5	-22.97%	2.07%	17.2x	1.7x
Miscellaneous	189.4	189.3	0.03%	5.94%	25.7x	1.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	6.80	-50.36%	1,436.5	3.5x
United Airways (BD) Ltd.	1.70	-41.38%	1,407.8	NM
IFAD Autos Limited	72.70	-32.93%	18,028.9	12.8x
Heidelberg Cement	229.80	-31.34%	12,984.5	18.5x
Aftab Automobiles	32.90	-28.32%	3,149.6	16.5x
AB Bank	8.90	-25.83%	6,747.4	NM
ACI Limited	246.20	-24.52%	12,282.7	NM
Lankabangla Finance	17.70	-22.71%	9,083.3	9.5x
RAK Ceramics Limited	31.30	-19.74%	12,177.7	14.1x
Beximco Limited	19.50	-17.02%	17,088.2	12.0x

Important News: Business & Economy

Strong financial sector key to sustainable growth: Asian Development Bank (ADB) country director

- Bangladesh should put emphasis on building a strong financial sector in order to ensure macroeconomic stability, increase efficiency and liquidity of markets, draw investment and deepen economic integration, the Asian Development Bank's Bangladesh chief said. Domestically, it helps to improve financial sector stability, increase the efficiency and liquidity of markets, and strengthen the regulatory environment, he added.
- The ADB's active portfolio in Bangladesh is more than USD 10 billion with 54 projects. The transport and energy sectors constitute about 55% of the portfolio amount. Last year, Bangladesh topped the list of countries in terms of commitments and approvals for funds, including co-financing, from the lender. The ADB had a record lending for Bangladesh and approved USD 5 billion worth of programmes in 2018, of which USD 2.5 billion came from its own coffer and another USD 2.5 billion in co-financing.
- He said the global economic outlook is challenging and a moderate growth is expected across most of developing Asia at 5.7% in 2019 and 5.6% in 2020. However, South Asia will buck this trend growing at 6.8% in 2019 and 6.9% in 2020, he said. Bangladesh will stand out by growing at record 8% in 2019 and 2020, making it the fastest growing economy in Asia-Pacific, he also said. ADB's priority areas for support in Bangladesh include energy, transport, urban infrastructure and water supply and sanitation, education, agriculture and natural resources and financial sectors.
- The ADB is involved in the capital market development and is helping in strengthening the capital markets to better support the real economy and build much-needed infrastructure. It has so far approved USD 630 million for capital market development. The ADB is also going to help the government develop a bond market. He said things are well within control for Bangladesh. Inflation is in control; remittances are growing and domestic consumption has been good. The fundamentals are actually good, he kept saying.

<https://www.thedailystar.net/business/news/strong-financial-sector-key-sustainable-growth-1773256>
<http://thefinancialexpress.com.bd/economy/robust-financial-sector-can-be-fourth-driver-of-bd-economy-adb-1563369086>

The Asian Development Bank (ADB) offers loan product for new public-private partnership (PPP) projects

- The Asian Development Bank (ADB) has offered a new lending product for Bangladesh in the public-private partnership (PPP) sector to make related projects attractive to investors, sources said. Under the loan product, they said, the Manila-based lending agency will act as the guarantor of its interested PPP projects for covering risks including credit ones. The guarantee will ensure the certainty of cash flow from market financial sources, resulting in lowering the interest rate, they added. Though the similar product was also offered by the World Bank for the PPP sector, official sources, said it is still at initial stage.
- According to the PPP Authority, the ADB's risk guarantee product will cover transfer restriction, expropriation, political violence and breach of contract while credit risk covers commercial and political risks. The debt funding requirement would be between USD 800 million and USD 920 million.

<http://today.thefinancialexpress.com.bd/trade-market/adb-offers-loan-product-for-new-ppp-projects-1563380838>

Dhaka eyes one-fourth of LNG (liquefied natural gas) imports from spot market

- Bangladesh has moved to import one fourth of its total LNG (liquefied natural gas) requirement from spot market to reap the benefits of a downtrend in global LNG prices. We're working to ensure LNG imports from spot market within months, a senior official of energy and mineral resources division said.
- Officials said imported LNG is regasified at an FSRU (floating, storage, regasification unit) before it is added to the national grid. Petrobangla imported under term deals within the range from around USD 8.5 per MMBtu (metric million British thermal unit) to USD 10 per MMBtu during the period. But market insiders said Asian spot prices for LNG have dropped drastically for a global supply glut. The Platts JKM, which represents the prices of spot cargoes delivered to northeast Asia, averaged around USD 4.93 per MMBtu in the second quarter of 2019. It is down from USD 8.26 per MMBtu a year ago, they added. Two FSRUs, owned by US-based Excelerate Energy and local Summit Group, together regasified around 573 million cubic feet per day (mmcf) as of July 16. A senior Petrobangla official said both have the capacity to regasify around 1,000 mmcf in total.

<http://today.thefinancialexpress.com.bd/last-page/dhaka-eyes-one-fourth-of-lng-imports-from-spot-market-1563385384>

Amazon seeks easier process for taking goods from Bangladesh

- Amazon, a US-based e-commerce platform, on Wednesday requested the government to ease process so that the platform could source goods from the country's small entrepreneurs to its warehouses in US and Europe. Amazon proposed for easing the procedural requirements so that the small entrepreneurs could send products directly to the entity's warehouses, he said. He said that the selling goods to global online platforms like Amazon would help doubling the country's export earnings by 2030.
- The state minister for information and communication technology said that he would discuss the proposal with the prime minister's ICT affairs adviser at a meeting scheduled for Thursday.

<http://www.newagebd.net/article/78794/amazon-seeks-easier-process-for-taking-goods-from-bangladesh>
<https://www.dhakatribune.com/business/commerce/2019/07/17/amazon-wants-to-source-products-from-bangladesh-under-a-new-business-model>

Import growth 6.0% in July-May of FY'19

- Country's imports grew by nearly 6.0% in the first 11 months of fiscal year (FY) 2018-19, riding on higher construction material imports, officials said. The actual import in terms of the settlement of letters of credit (LCs) rose to USD 50.57 billion during the July-May period from USD 47.79 billion in the same period of FY '18, according to the central bank's latest data.

• Meanwhile, the import of intermediate goods like coal, hard coke, clinker and scrap vessel jumped by more than 35% to USD 5.23 billion during the period under review from USD 3.86 billion in the same period of FY '18. Building materials imported as intermediate goods for implementing projects, particularly mega schemes, pushed up import payments in 11 months of last fiscal, according to the BB official. Higher imports of petroleum products like liquefied natural gas also raised overall import spending during the same period. Imports of petroleum products increased by 16.08% to USD 3.44 billion in 11 months of FY '19 from USD 2.97 billion in the same period of FY '18. Talking to the FE, another BB official said the rising trend in fuel oil imports may continue for the diversified use of gasoline products, particularly for power generation.

<http://today.thefinancialexpress.com.bd/last-page/import-growth-60pc-in-july-may-of-fy-19-1563299033>

Export target to be 15% higher: Commerce Minister

• The government is likely to set a 15% higher export target for this fiscal year as it looks to hit USD 60 billion in receipts by 2021, said Commerce Minister yesterday. If the target is achieved Bangladesh's export will be USD 46.60 billion, up from USD 40.53 billion in the immediate past fiscal year that ended on June 30, according to data from the Export Promotion Bureau (EPB).

• Around 3 million tonnes of potatoes have been surplus this year in Bangladesh. We are also in talks with Malaysia and the Philippines to export potatoes, the commerce minister said. He is expecting good receipts from shipment of jute and jute goods as the demand for products made from natural fibres are on the rise around the world for growing environmental consciousness. Bangladesh wants to export garment items to Brazil and to some Eurasian countries. The minister also expects a massive export growth of leather and leather goods this year.

• Bangladesh's export to the main markets like Germany, the US and some Asian countries registered a significant growth in the immediate past fiscal year, said the additional secretary to the commerce ministry. The signing of FTA between Vietnam and the EU might not be a big threat for Bangladesh as the country has been enjoying the zero duty benefit to the EU till now. Bangladesh will continue to enjoy such benefit to the EU until 2027, he said.

<https://www.thedailystar.net/business/news/export-target-be-15pc-higher-munshi-1772656>

Bangladesh gets USD 6.21 billion foreign aid, USD 9.78 billion pledged in FY'19

• Bangladesh received foreign assistance amounting to USD 6.21 billion in the last fiscal year (FY), 2018-19, which was nearly USD 150 million lower than that of the previous fiscal, official data showed on Monday. In FY 18, the overseas development partners disbursed USD 6.37 billion as concessional medium- and long-term (MLT) assistance. According to the Economic Relations Division's (ERD) provisional data, the government received USD 5.94 billion as concessional loan and USD 256 million as grant from July 2018 to June 2019.

• Meanwhile, commitment worth USD 9.78 billion foreign assistance from different development partners, including the World Bank (WB), the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA), was received in last FY, the ERD

data showed. Out of the total commitment, the donors confirmed USD 6.85 billion as loan and USD 1.255 billion as grant in FY 19. The significant amount of commitment was recorded, as the government signed a big Overseas Development Assistance (ODA) package deal of USD 2.5 billion with Japan in June, said an official. In FY 18, the commitment was USD 12.27 billion, as the government signed some big loan deals with China and India.

<http://today.thefinancialexpress.com.bd/last-page/bd-gets-621b-foreign-aid-978b-pledged-in-fy-19-1563298915>

The Executive Committee of the National Economic Council (ECNEC) okays eight projects at BDT 51.42 billion

• The Executive Committee of the National Economic Council (ECNEC) rejected a BDT 4.52-billion cost project to procure Diesel Electric Multiple Unit (DEMU) trains, as the trains are not functioning well. The ECNEC also turned down a BDT 1.20-billion project for construction of stadiums in six selected upazilas. The ECNEC meeting however approved eight other projects at a combined cost of BDT 51.42 billion. Of the total cost, BDT 41.29 billion will come from internal resources, while the rest BDT 10.12 billion as project assistance from the development partners, the planning secretary said.

<http://today.thefinancialexpress.com.bd/last-page/ecnec-okays-eight-projects-at-BDT-5142b-1563298787>

Bangladesh to earn double-digit slot in Ease of Doing Business (EODB) index by 2021

• The government has set target to reach within a double-digit position in the Ease of Doing Business (EODB) index, although Bangladesh has been almost in the same position over the past few years. The country was ranked 176 in the index in 2019, 177 in 2018, and 176 in 2017, according to the World Bank (WB), which prepares the ranking for 190 nations. Bangladesh's ranking was better earlier, as it was ranked 65 in 2006, and 88 in 2007. The ranking, created by Bulgarian economist Simeion Djankov, indicates business environment of a country. Its high ranking (a low empirical value) means the business environment is favorable, and low ranking (a high empirical value) means that the environment is bad.

• Adviser to the prime minister on private industry and investment affairs said a one-stop service will be operational within the next four to five months. It will connect the government agencies like the Bangladesh Economic Zones Authority (BEZA), the Bangladesh Export Processing Zones Authority (BEPZA), the Public Private Partnership (PPP) Authority, the Bangladesh Investment Development Authority (BIDA), and the Bangladesh Hi-Tech Park Authority (BHTPA). He also opined that Bangladesh's pharmaceutical export will also increase notably in future, as many local drug makers have registered them with the authorities concerned of various export destinations. An API (active pharmaceutical ingredients) park for producing pharma sector raw materials will also be set up.

<http://today.thefinancialexpress.com.bd/last-page/bd-to-earn-double-digit-slot-in-biz-index-by-2021-1563299090>

Chinese state co shows interest in building longest ever bridge

• A leading state-owned construction company of China has submitted its 'Letter of Interest' to build what will be the longest ever bridge of the country to connect Bhola with Barisal. The government has initiated a USD 3.0-billion bridge construction project to connect the island district of Bhola, surrounded by river and sea, with the mainland. The name of the project is 'Construction of Bhola Bridge on Barisal Bhola Road over the rivers Tetulia and Kalabador.' Once built, the 9.2-kilometre bridge will dwarf the one being built over the Padma River.

<http://today.thefinancialexpress.com.bd/last-page/chinese-state-co-shows-interest-in-building-longest-ever-bridge-1563212687>

Sharp rise in public bank bad loans

• Bad loan in half a dozen state-owned banks including scam hit Sonali, Janata and BASIC increased by 51.82 billion in January-March period as the recovery efforts were slowed down due to an impending new loan restructuring policy adopted in May, experts said. Five state-owned commercial banks Sonali, Janata, Agrani, Rupali, BASIC and the specialized Bangladesh Development Bank Ltd, however, showed unwillingness by the borrowers to clear debts and stay order from the High Court as the reasons for the recent sharp rise in bad loans in their portfolios.

• A former Bangladesh Bank governor said that the sharp rise in defaulted loan in the state-owned banks was not surprising as the overall loan recovery was slowed down against the impending new loan rescheduling policy. The new loan rescheduling policy allowing errant borrowers to pay only 2% down payment of outstanding loan against the previous 11 to 12% has been made effective by the Bangladesh Bank last week. But much before the new policy, which was adopted by Bangladesh Bank in May, borrowers stopped making payment on debts, he said.

<http://www.newagebd.net/article/78624/sharp-rise-in-public-bank-bad-loans>

Banks, NBFIs, other agencies asked to freeze accounts of 11

• The government has asked scheduled banks, non-banking financial institutions (NBFIs) and other financial reporting agencies to freeze the accounts of nine former directors and two other high officials of People's Leasing and Financial Services Limited (PLFSL). The order would apply to former directors, who had been on the PLFSL's board until 2015, officials said.

• The former directors are restrained by an order of injunction from withdrawing any money or security from the accounts maintained by them with any bank, financial institution, brokerage house, merchant banks, central depository, cooperative society or other similar institutions. They are also restrained from disposing of any property as assets, movable or immovable. The HC also approved a BB plea to appoint a liquidator for the PLFSL. The newly-appointed liquidator for the PLFSL is now taking preparations for starting his work within this week formally, according to another BB official.

<http://today.thefinancialexpress.com.bd/first-page/banks-nbfis-other-agencies-asked-to-freeze-accounts-of-11-1563212308>
<https://www.dhakatribune.com/business/banks/2019/07/15/bangladesh-bank-freezes-all->

[people-s-leasing-accounts](https://www.thedailystar.net/business/news/order-issued-freeze-accounts-11-former-directors-officials-1772095)

<https://www.thedailystar.net/business/news/order-issued-freeze-accounts-11-former-directors-officials-1772095>

<http://www.newagebd.net/article/78611/bfiu-bars-banks-nbfis-from-transactions-with-plfs>

Prospects of paint industry

• Manufacturing in the binuclear paint industry of Bangladesh mainly takes place in megacities like Dhaka and Chattogram. This industry has virtually doubled in size over the last 10 years, creating direct employment opportunities for thousands of people while indirectly providing livelihoods to many. In Bangladesh, the annual consumption of paints currently stands at about 180,000 tonnes. The sector recorded an over 6% year-on-year growth in recent times thanks to the rapid urbanisation in a country of around 167.8 million people. The market blessed with high growth potential and congenial atmosphere has helped paint manufacturers strengthen their foothold in the south Asian country with innovative solutions and services, according to Bangladesh Paint Manufacturers' Association.

• The experts and real estate sector leaders believe local and foreign investments have enabled the paint industry to achieve an annual growth of around 7-8% on average. The BDT 37 billion industry in Bangladesh remains highly competitive with the presence of over 45 operational entities. In 2017 alone, the industry contributed over BDT 5.5 billion to the national exchequer in the form of taxes. The sector is expected to grow by 8 to 10% per annum as there is scope for increase in consumption backed by economic growth.

<https://www.thedailystar.net/business/news/prospects-paint-industry-1772083>

Asian Development Bank (ADB): Bangladesh continues to post high economic growth in 2019-20

• Bangladesh will stand out by growing at record 8% in 2019 and 2020, making it the fastest growing economy in Asia-Pacific. This is happening at a time when the global economic outlook remains challenging, and growth is expected to moderate across most of developing Asia at 5.7% in 2019 and 5.6% in 2020. However, South Asia will buck this trend growing at 6.8% in 2019 and 6.9% in 2020.

<https://www.dhakatribune.com/business/economy/2019/07/14/adb-bangladesh-continues-to-post-high-economic-growth-in-2019-20>

Government decides to take Asian Development Bank (ADB) loan, finally

• The government has finally decided to take out loan from Asian Development Bank (ADB) to reconstruct and expand the Dhaka-Sylhet highway, sources said. They said the costly Dhaka-Sylhet four-lane project has been included in the pipeline of ADB for funding till 2025. The project was first included in the ADB's pipeline in 2015 for funding in 2019 as it completed the feasibility study and detailed design of the corridor up to Tamabil. But the project was dropped from the pipeline after the government of Bangladesh signed a memorandum of understanding with a Chinese company to implement it with Chinese government's fund in 2016.

<http://today.thefinancialexpress.com.bd/last-page/govt-decides-to-take-ADB-loan-finally-1563126697>

Burgeoning economy lures Korean investors

- In a heartening development, more and more South Korean companies are coming to Bangladesh with investment plans, attracted by the country's tremendous growth momentum. Super Petrochemical teamed up with SK Group of South Korea last year to invest USD 2.5 billion for setting up a petrochemical complex and a liquefied petroleum gas terminal in Moheshkhali. More than 150 Korean companies have invested a total of USD 1.15 billion in Bangladesh, making the East Asian country the fifth highest investor, commerce counsellor at the Bangladesh embassy in Seoul.
- While most of the Korean investments are in the labour-intensive garment manufacturing sector, new funds are flowing in to power, shipbuilding, housing and banking sector. In the last six months about 20 big Korean companies showed their interest in Bangladesh as the investment climate is improving very fast, Chowdhury added. More and more Korean firms are coming in to the country with their investment plans and many of their products will be exported to Korea, said the president of the Korea-Bangladesh Chamber of Commerce and Industry.
- In fiscal 2008-09, Bangladesh's exports to Korea stood at USD 101.28 million, which soared to USD 254.84 million a decade later, according to data from the Export Promotion Bureau. And in the first 11 months of the last fiscal year it stood at USD 348 million. In contrast, Korea's exports to Bangladesh in fiscal 2017-18 stood at USD 1.2 billion, up from USD 864.78 million a decade earlier. Bangladesh mainly exports apparel, frozen food, agri-products, chemicals, leather, raw jute and jute goods to South Korea.

<https://www.thedailystar.net/business/news/burgeoning-economy-lures-korean-investors-1771189>

Apparel prices fall 1.61% in 4 years

- Prices of garment items exported from Bangladesh dipped by 1.61% over the last four years, a reflection of the pressure international clothing retailers and brands always put on the garment manufacturers for lowering prices. If the period between fiscal 2015-16 and 2018-19 are taken into consideration, price per unit of garment items increased only last year by 1.42%, according to data from Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Per unit prices fell 2.12% in fiscal 2016-17 compared to the previous year and it experienced another fall of 4.07% in fiscal 2017-18.
- In fiscal 2018-19, Bangladesh exported 2,430.12 million kilogrammes (kgs) of garment items, registering a 10.43% year-on-year growth, states data of the National Board of Revenue (NBR) compiled by the BGMEA. In fiscal 2017-18, Bangladesh exported 2,200.51 million kgs of apparel, registering a 12.41% year-on-year growth, the data said, adding that in fiscal 2016-17 some 1,957.53 million kgs of garment items were shipped from the country.
- Many owners have even been running their units accepting prices lower than production costs hoping to just stay afloat and pay the workers as they cannot make profit, she said on different occasions over the last few months. Some 1,209 factories closed down in six years. We are making huge losses. Prices are dipping. Products are not improving, said the president of the BGMEA.

<https://www.thedailystar.net/business/news/apparel-prices-fall-161pc-4yrs-1771186>

Bangladesh lifts 19 million people out of poverty in 10 years : United Nations (UN)

- Bangladesh along with India and Cambodia has made the fastest reductions in poverty across the board, improving its standing in nine of the 10 indicators with poverty falling at the same speed in rural and urban parts of the country, said the UNDP in its 2019 global Multidimensional Poverty Index (MPI).
- The 2019 global MPI painted a detailed picture of poverty for 101 countries and 1,119 sub national regions covering 76% of the global population, going beyond simple income-based measures to look at how people experience poverty every day. This year's MPI results showed that more than two-thirds of the multidimensionally poor -- 886 million people -- live in middle-income countries. A further 440 million live in low-income countries. Over half of the 1.3 billion people identified as poor are children under the age of 18, and around a third are under the age of 10, according to the report. The vast majority of these children, around 85%, live in South Asia and Sub-Saharan Africa. But child poverty has dropped markedly faster than adult poverty in Bangladesh, Cambodia, Haiti, India and Peru, the report found.

<http://today.thefinancialexpress.com.bd/last-page/bangladesh-lifts-19m-people-out-of-poverty-in-10-years-un-1562954719?date=13-07-2019>

Internet use to be pricier for VAT: Internet Service Providers Association of Bangladesh (ISPAB)

- The government's recent move to cut bulk internet bandwidth price has failed to make expected impact at the user-end, as Internet Service Providers (ISPs) are terming the price cut a fuzzy math. Rather, internet price might go up due to imposition of new value added tax (VAT) on Nationwide Telecommunication Transmission Network (NTTN) service in the budget for fiscal year 2019-20, the Internet Service Providers Association of Bangladesh (ISPAB) President said. Posts and Telecommunications Minister said Bangladesh's total bandwidth usage was 7.5 gigabits per second (gbps) in 2008. Now it stands at over 1,100 gbps due to various effective and innovative decisions of the government.
- On June 27, the government reduced the bulk bandwidth price by 41% on an average, to be effective from July 1, in a move to provide low-cost internet service across the country. The price cut was supposed to reduce the end-users' internet bandwidth price. But the users in Dhaka and elsewhere are yet to get any benefit of the move. The ISPAB president, however, said bulk internet price has been reduced at international internet gateways (IIGs) -end by BDT 40 to BDT 50 per gigabits per second (gbps). The president of ISPAB said the end-users would not get any benefit from the new price. The ISP providers do not use the BTCL rout only. Internet price will be higher for providing quality bandwidth, for which the IIGs use multiple routs.

<http://today.thefinancialexpress.com.bd/trade-market/end-users-yet-to-get-any-benefit-1562949296?date=13-07-2019>

Businesses, taxmen differ on corporate tax rates

- Businesses and tax-officials are holding opposite views over the existing corporate tax rates, taking into consideration the country's poor tax-GDP (gross domestic product) ratio and investment scenario. The businesses have long been claiming that the country's corporate tax rates are among the highest in this sub-continent, which, according to them,

is an impediment to trade and investment. On the other hand, the taxmen have come up with a new analysis showing that the existing corporate tax rates, in real sense, are far below those of the imposed rates due to higher tax exemption and reduced rates of tax facility offered to various sectors.

- In a recent internal analysis, the National Board of Revenue (NBR) Income Tax Wing has found that effective corporate tax rates hover from 3.78% to 6.10%, while the existing corporate tax rates range from 25% to 45%. In Bangladesh, corporate tax rate for listed companies is 25%, and it is 35% for non-listed companies. However, financial institutions (FIs), tobacco companies, and mobile phone operators pay tax at higher rates. Apart from these large taxpayers, the NBR receives corporate tax from majority of the companies at a rate of 35%.
- Dr Ahsan H Mansur, Executive Director of the Policy Research Institute (PRI), said the existing corporate tax rates are giving a negative signal to the investors, as they compare the rates with other competitor countries. He suggested the government bring down the corporate tax rates by cutting back on the prevailing tax exemption and reduced tax rate facility.
- Currently, corporate tax rate in India is 30% for the local companies having above Rs 2.50 billion turnover, while it is 25% for the same having a turnover below the ceiling. For the foreign companies, corporate tax rate is 40%, while tax rate for royalty income is 50%. In Sri Lanka, corporate tax rate is 28%; in Pakistan 30%; in China 25%; and in the Philippines 30%.

<http://today.thefinancialexpress.com.bd/first-page/businesses-taxmen-differ-on-corporate-tax-rates-1562867568?date=12-07-2019>

LNG re-gasification faces bump on rough sea

- Re-gasification in the country's floating LNG terminals is facing a setback as the cargoes struggle to get connected with the FSRUs for inclement weather over the past week. The combined supply of re-gasified LNG from the two operational LNG (liquefied natural gas) terminals dropped to as low as 192 million cubic feet per day (mmcf) on Wednesday, which is 19.2% of their capacity of 1,000 mmcf, according to Petrobangla.
- LNG re-gasification in US's Excelerate Energy is now almost suspended as the fuel-carrying cargo was yet to get connected with it due to rough sea, a senior Petrobangla official told the FE on Thursday. Countrywide natural gas supply faced disruption in consequence. Summit's LNG terminal, however, started re-gasifying at almost full capacity of around 500 mmcf from Thursday after struggling for a week, said the Petrobangla official. He hoped that Excelerate's FSRU (floating, storage, re-gasification unit) might be fully operational once the stranded LNG cargo can get connected with it.

<http://today.thefinancialexpress.com.bd/trade-market/lng-re-gasification-faces-bump-on-rough-sea-1562866475?date=12-07-2019>

Foreign brand stores branching out into Bangladesh

- Leading global brands that source textile and garment products from Bangladesh are setting their footprints with their own-label stores here. They are branching out into the country targeting the sizeable and rising middle-class and young generation, especially sports lovers, insiders said. The latest move came with the opening of a flagship store by

the French sporting goods and manufacturer and retailer Decathlon at Uttara-6 on Friday. This is third of its kind after German sportswear giant Puma's penetration here in April. The world's third-largest Japanese 'Fast Retailing Co' launched its brand 'Grameen Uniqlo' through joint venture with Grameen Bank Group in 2013. Since 2013, according to its officials, there are 16 Grameen Uniqlo stores in the country.

<http://today.thefinancialexpress.com.bd/trade-market/foreign-brand-stores-branching-out-into-bd-1562949401?date=13-07-2019>

Six directors of banks flout minimum shareholding requirement

- A total of six directors of four listed banks do not hold a minimum 2% share in their own companies. As per a stock market regulator directive, every director other than an independent director of a listed company will hold a minimum of 2% shares of the paid-up capital. Otherwise, there shall be a casual vacancy of director. Any individual holding 5% or more shares will be entitled to be a director in their place. Meanwhile, as per rules all sponsors or promoters and directors of a listed company shall all time jointly hold minimum 30% shares of the paid-up capital of the company.
- Till date, a total of 179 directors of 59 listed companies do not meet this requirement and are not eligible to be directors. Among them are six directors of four listed banks who do not hold a minimum 2% share, as per Dhaka Stock Exchange data. They are Md Fakhru Islam, director of Dutch-Bangla Bank Limited. He holds 10,000 shares or 0.01% share of his company. Md Abdul Mannan, vice-chairman of the Board of Directors of Exim Bank, holds only 0.55% share of this Bank. Sirat Monira, director of Southeast Bank from "B" Group i.e. public shareholders, holds 0.01% share of the bank. Badrunnesa Sharmin Islam, Faruque Alamgir and Col Engr MS Kamal (Retd). They respectively hold 5,552,748 shares or 1.39%, 3, 339 shares or 0.00% and 40,074 or 0.00%.
- BSEC Executive Director has said that the commission already took a number of measures against the sponsor-directors of a number of companies who violated the commission's order regarding minimum shareholding by the sponsor-directors.

<https://www.dhakatribune.com/business/stock/2019/07/13/six-directors-of-banks-flout-minimum-shareholding-requirement>

Important News: Capital Market

Regulator rewrites IPO rules

- The Bangladesh Securities and Exchange Commission (BSEC) on Tuesday approved a number of amendments to public issue rules 2015, bringing some changes to the initial public offering (IPO) system. The lock-in period for placement shareholders was increased from one to two years. For alternative investment funds, it will be one year. Moreover, the lock-in period of sponsors of the issuer company will be counted from the date of commencement of trading. Previously it was from the prospectus issue date.
- Another change is that issuers would have to raise at least BDT 300 million or 10% of the paid-up capital, whichever is higher, when the company goes for IPO through the fixed-price method. If the company wants premium and goes for IPO under the book-building method, the issuers would have to raise at least BDT 750 million or 10% of the paid-up

capital, whichever is higher. In the book building method, the eligible investors' quota has also been brought down to 50% from 60% and general investors' quota (excluding non-resident Bangladeshis) raised to 40% from 30%.

- For fixed price method, the quota for eligible investors has been cut to 30% from 40% while general investors' quota (excluding NRBs) enhanced to 50% from 40%. Moreover, eligible investors would have to keep a certain amount of investment in the secondary market to enjoy quota advantages in an IPO lottery. The BSEC will set the amount in the consent letter of every IPO. During bidding under the book-building method, bidders will get shares at their bidding price and the amount demanded. The bidder must buy the amount of shares at the quoted price.

<https://www.thedailystar.net/business/news/regulator-rewrites-ipo-rules-1773235>

The Dhaka Stock Exchange (DSE) rearranges DS30 Index

- The Dhaka Stock Exchange (DSE) has rearranged its blue chip index (DS30) as part of its semi-annual rebalancing of indices. After the rebalancing of DS30, carried out as per the criteria set by S&P Dow Jones Indices, the prime bourse will add five new companies to the DS30 index, a list of blue-chip companies, replacing five existing companies, with effect from July 21.

- The five new companies are Islami Bank Bangladesh, The ACME Laboratories, Meghna Petroleum, Active Fine Chemicals and Bangladesh Submarine Cable Company, said a DSE statement on Wednesday. At the same time, five companies will be dropped from the DS30 as they failed to meet regulatory criteria. The companies are Pubali Bank, Padma Oil Company, BSRM Steels, RAK Ceramics (BD) and ACI Limited.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-rearranges-ds30-index-1563380423>

No fresh no-objection certificates (NOC) for GP, Robi

- Mobile operators Grameenphone and Robi will not get fresh 'no-objection certificates (NOCs)' until they pay audit claim dues to the government. The operators will not be able to purchase and import new equipment and get approval for new packages after the new decision takes effect. However, bandwidth restrictions on the two leading local telecom operators as a pressing measure to collect dues will go by Wednesday night.

- Terming the audit claims disputed, both operators were urging BTRC to settle the issue through arbitration. But BTRC says there is no scope to go to arbitration as per existing law over realizing dues from them. As per a BTRC audit claim, GP has BDT 125.79 billion in dues to the government, including BDT 40.85 billion to the National Board of Revenue (NBR). Robi has BDT 86.72 billion to the government, including BDT 19.72 billion to NBR.

- Reacting to new decisions, Robi Axiata chief corporate and regulatory officer said non-issuance of NOC as a replacement for bandwidth reduction will only mount sufferings for customers. He said companies like network partner, NTTN operators and ICT firms who are integral to the telecom sector would be adversely affected by this decision.

- BTRC managing director (spectrum) said once the regulator stops NOC issuance, GP and Robi would be unable to import telecom equipment and instruments, and install base transceiver stations. The two operators will not get approval for new packages from the

regulator following the decision, he added.

<http://today.thefinancialexpress.com.bd/last-page/no-fresh-nocs-for-gp-robi-1563385619>
<https://www.thedailystar.net/business/news/no-noc-gp-robi-until-dues-cleared-1773238>
http://www.newagebd.com/files/records/news/201907/78792_134.jpg
<https://www.dhakatribune.com/business/2019/07/17/btrc-taking-hard-line-against-gp-robi-over-dues>

Bangladesh Securities and Exchange Commission (BSEC) revises auditors' panel for listed companies

- The securities regulator on Tuesday approved and published the revised auditors' panel list for the listed companies, dropping Ahmad & Akhtar Chartered Accountants from the list. According to the revised list, 39 chartered accountants firms are now eligible for auditing financial statements of the listed securities. The BSEC has now revised the list, dropping one firm, as the Institute of Chartered Accountants of Bangladesh (ICAB) has recently decided not to renew the license of Kanchi Lal Das, managing partner of Ahmad & Akhtar Chartered Accountants. The ICAB took such a decision as Kanchi Lal Das refused to cooperate with the ICAB in reviewing the financial report of Coppertech Industries, which has filed for listing on the Dhaka Stock Exchange.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-revises-auditors-panel-for-listed-companies-1563380348>

GP, Robi to get back bandwidth

- The telecom regulator is set to lift the partial block on the bandwidth capacity of Grameenphone and Robi after the government stepped in to give relief to the millions of internet users of the two operators. The development comes after Prime Minister's ICT Affairs Adviser held a meeting with the telecom division and its other wings, including the Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday. Telecom Minister presided over the meeting. On July 4, the telecom regulator slashed Grameenphone's bandwidth by 30% and Robi's by 15% for non-payment of dues detected in audits -- enough to slow down the internet speed and raise the call drop frequency of the two operators. According to the BTRC's audit claim, Grameenphone has BDT 125.8 billion pending and Robi BDT 8.67 billion and they had issued demand notes to the respective operators several times but they fell on deaf ears. Officials who attended the meeting said now the telecom division will withdraw their previous decision of bandwidth capping and come up with a new course of action.

- Officials present said the ICT adviser also directed the BTRC to take VAT registration from the National Board of Revenue within the next one week. He asked Telecom Secretary Ashoke Kumar Biswas to consult with the NBR chairman on the matter. Earlier in last week, the telecom regulator refrained from receiving mobile operators' various payments for the April-June quarter -- amounting to about BDT 10 billion-- after the latter declined to include the associated VAT in the sum. The mobile operators said they will furnish their payments without VAT and when the BTRC gets its VAT registration they will pay the VAT then.

<https://www.thedailystar.net/business/news/gp-robi-get-back-bandwidth-1772662>
<http://www.newagebd.net/article/78693/btrc-likely-to-restore-robi-gps-bandwidth-but-stop-noc-issuance>
<https://www.dhakatribune.com/business/2019/07/16/btrc-likely-to-backtrack-on-telcos->

[bandwidth-cut-decision](#)**Bangladesh Securities and Exchange Commission (BSEC) approves public issue rules**

- The stock market regulator BSEC approved on Tuesday public issue rules, raising the lock-in period for placement shares to two years from one year earlier. A lock-in period is a predetermined amount of time after an initial public offering (IPO), during which large stakeholders are restricted from selling their shares. According to the new public issue rules, the lock-in period will be counted from the date of commencement of trading, instead of the prospectus issue date. For sponsor-directors and those holding 10% or more shares, the lock-in period will three years as before, but the period will be counted from the date of commencement of trading, instead of the prospectus issue date. The lock-in period for placement shareholders and alternative investment funds will be two years.
- Under the public issue rules, the quota for eligible investors has been cut to 30% from the existing 40%. The general investors' quota (excluding non-resident Bangladeshis) has been enhanced to 50% from 40% under the fixed-price IPO method. Under the book building method, eligible investors' quota has also been brought down to 50% from 60% and the general investors' quota (excluding NRBs) raised to 40% from 30%.
- In case of a fixed-price method, issuers will have to raise at least BDT 300 million or 10% of the paid-up capital, or whichever is higher, according to the new rules. The issuers will have to raise at least BDT 750 million or 10% of the paid-up capital, or whichever is higher, if companies go for it under the book-building method.

<http://today.thefinancialexpress.com.bd/first-page/bsec-approves-public-issue-rules-1563298437>

<http://www.newagebd.net/article/78692/bsec-puts-only-2-year-lock-in-on-placement-shares>

Bar on mutual funds to give stock dividend

- The stock market regulator yesterday came up with the decision of barring the open-end and closed-end mutual funds from providing any return on unit (a form of stock dividend) to the unitholders. Mutual funds are investment funds that gather a fixed pool of money from a number of investors and re-invest them into stocks, bonds and other assets. The asset managers provide a dividend after the yearend and it could provide cash dividend or return on unit (like stock dividend) earlier. Bangladesh Securities and Exchange Commission took the decision in a meeting held in the commission building in Dhaka.
- The commission has also said the sponsors of the closed end mutual funds, which shall liquidate within a certain period, will have to hold their unit for at least one year from the fund formation date. The sponsors will have to have at least 10% of their primary holding until its liquidation.

<https://www.thedailystar.net/business/news/bar-mutual-funds-give-stock-dividend-1772647>

Record loan rescheduling at Social Islami Bank

- Social Islami Bank rescheduled a record amount of loans in the first quarter of 2019 and yet failed to arrest its default loans from spiraling, in a worrying development for the bank that saw a hostile takeover from a controversial business group last year. Between the

months of January and March, SIBL rescheduled BDT 29.50 billion, which is exponentially more than what it had been rescheduling in a year. For instance, it rescheduled BDT 3.9 billion in 2018, BDT 3.75 billion in 2017 and BDT 1.88 billion in 2016, according to data from the central bank. And yet, SIBL's default loans are racing ahead: in the first three months of the year its default loans soared 11.70% to BDT 15.59 billion. The bank also failed to keep the required provisioning against its loans -- an indication that its financial health is wobbly. At the end of March, SIBL's provisioning shortfall was BDT 2.75 billion.

<https://www.thedailystar.net/business/news/record-loan-rescheduling-social-islami-bank-1772653>

BSEC approves draft prospectus of new mutual fund and a non-convertible subordinate bond

- The securities regulator has approved the draft prospectus of an open-ended mutual fund, Capitec Popular Life Unit Fund, with an initial target size of BDT 250 million. Of the target size, sponsor-directors will provide BDT 50 million, while the remaining BDT 200 million will be collected from general investors by selling its units. The face value of each of the unit will be BDT 10. The Capitec Asset Management Ltd. will act as the asset manager of the fund while the ICB is acting as trustee and custodian of the fund and the Popular Life Insurance Company Ltd is the sponsor.
- At the meeting, the BSEC also approved a non-convertible subordinate bond worth BDT 5.0 billion in favor of Bank Asia. The purpose of the bond issue is to strengthen the capital base (Tier-11) of the company. The tenure of the bond will be seven years. Per unit price of the bond will be BDT 10 million. The Standard Chartered Bangladesh and the Green Delta Insurance Company will act as the lead arranger and trustee of the bond respectively.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-draft-prospectus-of-new-mutual-fund-1563293860>

Bangladesh Bank finds irregularities in sanctioning BDT 4 billion in loans by Islami Bank Bangladesh Limited (IBBL)

- A Bangladesh Bank investigation has found irregularities in sanctioning loans worth BDT 4 billion by Islami Bank Bangladesh Limited (IBBL) to an entity and one individual for purchasing commercial floor space worth around BDT 4 billion at the Jamuna Future Park in capital Dhaka. The central bank (BB) has found that the investment decision made by IBBL was a complete deviation from banking rules and due diligence, BB sources said. The irregularities came to the BB's knowledge when Islami Bank sanctioned BDT 4 billion in loans for Rongdhanu Builders Private Limited, which is owned a former director of scam-hit Farmers Bank (renamed as Padma Bank), and for his brother this year.
- In late 2016 and early 2017, S Alam Group bought a significant amount of shares of IBBL through a number of companies and virtually took control of the bank. The bank has been mired in crisis and controversies since the takeover by the Group. Apart from IBBL, S Alam Group has control over Social Islami Bank, First Security Islami Bank, Al-Arafah Islami Bank, Union Bank, Bangladesh Commerce Bank and NRB Global Bank.

<http://www.newagebd.net/article/78605/bb-finds-irregularities-in-sanctioning-BDT-400cr-in-loans-by-ibbl>

Sea Pearl Beach makes trading debut today

- Sea Pearl Beach Resort & Spa Ltd. makes its share trading debut under 'N' category on both the bourses today (Tuesday). The Sea Pearl Beach, the owner of "Royal Tulip Sea Pearl Beach Resort & Spa in Cox's Bazar", is a luxury hotel in Bangladesh, which started commercial operation on September 17, 2015. The Sea Pearl Beach Resort raised a fund worth BDT 150 million from the capital market by floating 15 million ordinary shares at a face value of BDT 10 each using the fixed-price method.
- The company's pre-IPO paid-up capital is BDT 1.0 billion and authorised capital is BDT 2.0 billion. The company will use the IPO fund for interior, finishing, furniture & fixture (157 rooms), acquisition of land, and bearing the IPO expenses. As per un-audited financial reports, the company's profit after tax was BDT 61.06 million and basic EPS of BDT 0.61 for the nine months (July 2018- March 2019) against profit after tax of BDT 39.65 million and basic EPS of BDT 0.67 for the same period of the previous year.
- However, Post-IPO EPS would be BDT 0.53 for nine months (July 2018-March 2019) period ending on 31 March 2019. Pre-IPO net asset value (NAV) per share (considering Pre-IPO paid-up shares) would be BDT 11.09 as on 31 March 2019 and the same would be BDT 10.95 (considering Post-IPO paid-up shares). Banco Finance and Investment Ltd and Prime Bank Investment Ltd are jointly working as the issue manager for the IPO process.

<http://today.thefinancialexpress.com.bd/stock-corporate/sea-pearl-beach-makes-trading-debut-today-1563210305>
<https://www.dhakatribune.com/business/stock/2019/07/15/sea-pearl-beach-resort-starts-share-trading-on-bourses-on-tuesday>

Baraka Shikalbaha Power starts commercial operation

- The Baraka Shikalbaha Power Limited (BSPL) started commercial operation of its 105 mw HFO-fired IPP power plant situated at Shikalbaha in Chattogram. BSPL is a 51% subsidiary of Baraka Patenga Power Limited, where Baraka Power Limited has directly invested in 20% equity and through cross holding aggregately holds 46.01% ownership, said an official disclosure on Sunday.
- The company informed that Bangladesh Power Development Board (BPDB) has declared dated July 11, 2019 on the commercial operation date (COD) of the plant with dependable capacity of 105 MW with effect from May 24, 2019. BSPL signed a power purchase agreement with the state-owned Bangladesh Power Development Board (BPDB) on August 19, 2018, said the disclosure. As per the agreement, the IPP plant implemented on a Build, Own, Operate (BOO) basis and the term is 15 years from the Commercial Operation Date (COD).

<http://today.thefinancialexpress.com.bd/stock-corporate/baraka-shikalbaha-power-starts-commercial-operation-1563122474>

Liquidator appointed for People's Leasing

- The High Court yesterday gave the go-ahead to the central bank to appoint a liquidator for People's Leasing and Financial Services (PLFS), a non-bank financial institution (NBFI). The bench of Justice Muhammad Khurshid Alam Sarkar also ordered the Bangladesh Bank to freeze the accounts of those who were in PLFS's board until 2015. Deputy general

manager of the BB's financial institutions department, has been appointed as the liquidator. The High Court has ordered the liquidator to submit his report to the court

<https://www.thedailystar.net/business/news/liquidator-appointed-peoples-leasing-1771591>
<http://www.newagebd.net/article/78507/hc-bars-11-former-plfs-directors-officials-from-fund-withdrawal>
<https://www.dhakatribune.com/business/stock/2019/07/14/bangladesh-bank-files-petition-with-hc-seeking-people-s-leasing-liquidation>

Dhaka Stock Exchange (DSE) suspends People's Leasing's share trading

- The Dhaka Stock Exchange (DSE) has suspended trading of shares in the People's Leasing and Financial Services, a beleaguered non-bank financial institution, from Sunday. The company's share trading will remain suspended until the DSE receives confirmation from the Bangladesh Bank (BB) on the liquidation of the company, according to an official disclosure published on Sunday. The decision came in the wake of a government directive asking the central bank to liquidate the People's Leasing and Financial Services (PLFS) that saw deterioration of its financial health over the last several years.
- As of June 30, retail investors held 67.10% of the non-bank financial institution's stocks and the institutional investors 9.50%, according to the DSE data. The general shareholders stand to lose more than BDT 1.91 billion and institutional investors BDT 271 million. The company's consolidated net asset value (NAV) per share was negative BDT 67.66 as on March 31, 2019.

<http://today.thefinancialexpress.com.bd/first-page/dse-suspends-peoples-leasings-share-trading-1563126265>
<https://www.dhakatribune.com/business/stock/2019/07/14/bourses-suspend-trading-of-people-s-leasing-shares>

Foreign funds in stocks slip into negative territory

- Net foreign investment in Dhaka Stock Exchange tipped into negative territory for the first time in eight years last fiscal year as overseas investors sold more stocks than they purchased. Analysts attributed the fall to the depreciation of the local currency against the American greenback and regulators' sudden decision aimed at listed companies. The net foreign investment dropped to BDT 1.83 billion in the negative in 2018-19 after foreign investors bought shares amounting to BDT 40.18 billion and sold issues worth BDT 42.02 billion. In 2017-18, the investment was BDT 717.6 million in the positive, data from the DSE showed.
- On July 10, the exchange rate was BDT 84.50 per USD, up from BDT 83.50 on the same day a year ago, Bangladesh Bank data showed. Foreign investors think that the taka will come under pressure because of the widening deficit in the balance of payments and huge foreign debt, according to brokerage houses that deal with external portfolio investment. Investors anticipate a further depreciation of the taka as the central bank is artificially preventing the devaluation of the currency. The overall balance of payment stood at USD 682 million in the negative during the July-May period of 2018-19, which was USD 970 million in the negative year-on-year.

- Bangladesh received USD 5.7 billion in medium and long-term foreign debt in 2017-18, up from USD 3.2 billion a year ago. A top official of another brokerage house blamed some of the sudden regulatory moves aimed at listed companies that spooked the confidence of

foreigners.

<https://www.thedailystar.net/business/news/foreign-funds-stocks-slip-negative-territory-1771177>

Dhaka Stock Exchange (DSE) board decides on Coppertech listing

- The board of the country's premier bourse has asked its management to take an initiative for the listing and trading of the shares of much-talked-about Coppertech Industries on the Dhaka Stock Exchange (DSE) as per existing rules and regulations. Following the decision, the stalemate over the listing of the Coppertech Industries, mired in controversies over its financial statements, has finally been resolved.
- The Bangladesh Securities and Exchange Commission (BSEC) had approved the Coppertech's IPO proposal on December 26, 2018 for raising a capital of BDT 200 million under the fixed-price method. But after controversies over the financial statement of the company surfaced, the DSE scrutinized the financial statement and sought a guideline from the securities regulator regarding the listing of the company.

<http://today.thefinancialexpress.com.bd/first-page/dse-board-decides-on-coppertech-listing-1562867946?date=12-07-2019>