

Stock Market

Dhaka stocks rebound on tax review hope

New Age, June 30, 2019

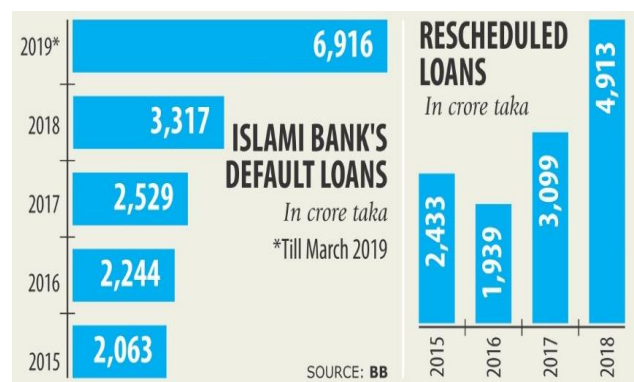
- Dhaka stocks gained in the past week as many of the investors hoped that the government would reconsider the proposed additional tax on listed companies during the passage of the finance bill.
- DSEX, the key index of Dhaka Stock Exchange, gained 0.64 %, or 34.42 points, over the week to close at 5,430.05 points on Thursday, the last trading session of the week after losing 78.68 points in the previous week.
- According to the financial bill, if any listed company declares stock dividend, it must declare same amount of cash dividend. If the amount of stock dividend surpasses the cash dividend, the company must pay 10 % tax on the total amount of stock dividend.
- Besides, a listed company can transfer 70 % of its net profit of a financial year to its reserve and retained earnings, and the rest 30 % would be distributed to the shareholders as dividend. But, if it fails to do so, it must pay 10 % tax every year on total amount transferred to reserve and retained earnings.
- Average share prices of energy, bank, telecommunication and pharmaceutical sectors advanced 1.9 %, 1.6 %, 1.5 % and 0.7 % respectively. The daily average turnover on DSE dropped to BDT 423.74 crore in the past week from BDT 519.62 crore in the previous week.
- Average share prices of life insurance, general insurance, non-bank financial institutions and textile sectors declined by 5.4 %, 3.7 %, 1.9 % and 0.5 % respectively. Out of the 354 traded issues, 172 declined, 159 advanced and 23 remained unchanged.
- DS30, the blue-chip index of DSE, advanced 1.61 %, or 30.62 points, to close at 1,924.91 points. Prime Finance First Mutual Fund gained the most in the week with a 23.23-% increase in its share prices while IPDC Finance was the worst loser, shedding 18.44 %.

<http://www.newagebd.net/article/76970/dhaka-stocks-rebound-on-tax-review-hope>

Islami Bank's default loans double in three months

The Daily Star, June 30, 2019

- Despite rescheduling huge amount of loans, the default loans of Islami Bank Bangladesh Ltd (IBBL) more than doubled to BDT 6,916 crore between the months of January and March, raising concerns about the financial health of the country's biggest private bank.
- In 2018, the bank rescheduled default loans worth BDT 4,813 crore -- the highest among all banks -- 55 % more than it did a year earlier, according to data from the central bank.



- The bank managed at least 600 special approvals from the central bank to reschedule default loans on relaxed conditions such as waiver from the required down payment of at least 10 % of outstanding amount.
- Notwithstanding, the bank is aggressively pushing to lend more. As of last year, the bank's loans stood at BDT 75,885 crore, up 15 % year-on-year. In contrast, its deposit base expanded only 8 %.

<https://www.thedailystar.net/business/news/islami-banks-default-loans-double-three-months-1764481>

Fund raising thru IPOs rises slightly in FY19

New Age, June 29, 2019

- Fund raising by companies through issuing initial public offering slightly increased by 5.50 % or BDT 29.75 crore in the financial year of 2018-19 compared with that in the previous fiscal year. Fourteen companies including one mutual fund raised BDT 571 crore in FY19, while 11 companies including two mutual funds had raised BDT 541.25 crore in the previous fiscal year.
- In FY19, two companies have raised BDT 250 crore under the book building method of IPO, while three companies had raised BDT 336.25 crore under the method in FY18. Companies follow two methods — fixed price and book building — in issuing IPO in the country's capital market.
- The two companies that used the book building method in FY19 are: Runner Automobiles (BDT 100 crore) and Esquire Knit Composite (BDT 150 crore).
- The other companies — New Line Clothing (BDT 30 crore), Silco Pharmaceuticals (BDT 30 crore), Genex Infosys (BDT 20 crore), VFS Thread Dyeing (BDT 22 crore), ML Dyeing (BDT 20 crore), Silva Pharmaceutical (BDT 30 crore), Indo-Bangla Pharmaceutical (BDT 20 crore), Kattali Textile (BDT 34 crore) and SS Steel (BDT 25 crore), Sea Pearl Beach Resort (BDT 15 crore) and Coppertech Industries (BDT 30 crore) — issued their IPOs under the fixed price method.
- The primary market was vibrant in the first half of the financial year of FY19 with huge interest from investors in the IPOs. However, the investors' interest dried up in the second half of the financial year as they lost confidence over the market.

<http://www.newagebd.net/article/76843/fund-raising-thru-ipos-rises-slightly-in-fy19>

Shurwid Industries to enter Software business

The Financial Express, June 27, 2019

- The board of directors of Shurwid Industries has decided to open new business wing i.e. Software business, which is fully tax exempted up to June 30, 2024. In this regard, an agreement was signed with the company and Infosapex Ltd. on Wednesday, said an official disclosure on Thursday.
- Infosapex-Shurwid JVC (Joint Venture Consortium) will do business of ICT products, branding & further development of the products like robotic process automation (RPA), paperless meeting (Board Maestro), business process automation & other software and both the company will share cost and profit equal basis, said the disclosure.

- Each share of the company, which was listed on the DSE in 2014, closed at BDT 34.20 each on Wednesday. The company's share traded between BDT 16.80 and BDT 41.60 in the last one year. The company disbursed 10 % stock dividend for the year ended on June 30, 2018.
- The company's earnings per share (EPS) stood at BDT 0.44 for January-March 2019 as against BDT 0.39 for January-March 2018. The EPS was BDT 1.07 for July 2018-March 2019 as against BDT 0.01 for July 2017-March 2018.

<http://thefinancialexpress.com.bd/stock/shurwid-industries-to-enter-software-business-1561615310>

Opening BO accounts: CDBL asked to submit report on compliances

The Financial Express, June 30, 2019

- The securities regulator has asked the Central Depository Bangladesh Limited (CDBL) to submit a report on the compliances maintained in opening investors' BO (beneficiary owner's) accounts. The CDBL will have to submit its report to the commission within July 31 this year.
- The Bangladesh Securities and Exchange Commission (BSEC) delivered its instruction through a letter sent to the managing director of the CDBL. Meanwhile, the securities regulator issued a circular to ensure compliances required to open investors' BO accounts.
- As per the circular, the depository participants (DPs) will have to address the irregularities found in investors' BO accounts by July 21. The regulatory directive came following many non-compliances occurred during opening of BO accounts.
- In its circular, the BSEC said they have recently observed that in some cases, the same national ID number, mobile number and bank account were used for opening BO accounts of another person.

<http://thefinancialexpress.com.bd/stock/opening-bo-accounts-cdbl-asked-to-submit-report-on-compliances-1561867684>

Ten-traded cos snare 27pc turnover

The Financial Express, June 27, 2019

- Ten most-traded firms captured more than 27 % transaction of the Dhaka Stock Exchange (DSE) on Wednesday while United Power topped the list again. Market analysts said investors were active on the United Power shares throughout the session amid positive expectations ahead of its June year-end closing.
- The news of acquisition of 75 % shares of Leviathan Global BD at face value also encouraged investors. United Power has decided to acquire 75 % or equivalent to 300,000 ordinary shares of Leviathan Global at face value of BDT 10 each, said a disclosure on Sunday last.
- According to statistics available with the DSE, about 814,979 shares of United Power were traded, generating a turnover of BDT 310 mn, which was 7.18 % of the day's total turnover. The total turnover on the DSE stood at BDT 4.31 bn on Wednesday which was BDT 4.53 bn in the previous session.
- The power generation company's share closed at BDT 383.40 on the day, advancing 2.13 % over the previous session. The company's share traded between BDT 248.50 and BDT 422.50 in the last one year. United

Power, which was listed on the DSE in April 2015, disbursed 90 % cash and 20 % stock dividend for the year ended on June 30, 2018.

- The company's paid-up capital is BDT 4.79 bn, authorised capital is BDT 8.0 bn and the total number of securities is 479.08 mn. The sponsor-directors own 90 % stake in the company, while institutions 6.64 %, foreign investors 0.04 % and the general public 3.32 % as of May 31, 2019, the DSE data shows.

<http://thefinancialexpress.com.bd/stock/ten-traded-cos-snare-27pc-turnover-1561611729>

Esquire ICL Apparel Fund gets BSEC approval

The Financial Express, June 27, 2019

- The securities regulator has approved the draft prospectus of Esquire ICL Apparel Fund, an open-end mutual fund. The approval came Tuesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC).
- The initial size of the fund will be BDT 250 mn, of which BDT 100 mn will be contributed by the sponsor. The remaining BDT 150 mn will be collected through sales of units. The face value of the units of the fund will be BDT 10 each.
- Esquire Knit Composite is the sponsor of the fund, while Impress Capital is the fund manager. Investment Corporation of Bangladesh (ICB) and BRAC Bank are working as trustee and custodian of the fund respectively.

<http://thefinancialexpress.com.bd/stock/esquire-icl-apparel-fund-gets-bsec-approval-1561524748>

Economy

Yarn exports hold potential

Receipts from yarn, fabrics rise 20pc in July-May

The Daily Star, June 30, 2019

- Yarn and fabrics export rose 20.46 % year-on-year to \$141.12 mn between July and May, an indication that Bangladesh can become a major source for the raw materials if higher production is facilitated.
- Currently, local spinners are able to meet 85 % of the demand for the raw materials for the knitwear sector and 40 % for the woven sector. Bangladesh imports yarn from China and India to meet the local demand. However, the export of yarn, especially cotton yarn, has grown recently.
- At least six large spinning mills have started exporting specialised cotton yarn, which is very fine, to Indonesia, Sri Lanka and Turkey, said Monsoor Ahmed, secretary to Bangladesh Textile Mills Association, a platform for spinners, weavers and cotton millers.
- Bangladesh also faces higher duty on yarn export to other potential countries. Myanmar and Cambodia could be good export destinations for the Bangladeshi yarn and fabrics producers. For the higher production of yarn and fabrics, the local industry needs more investment in the primary textile sector, industry insiders

say. Nearly \$8 bn has been invested in the primary textile sector. There are 450 spinning mills and nearly 1,300 small and medium weaving mills in Bangladesh.

<https://www.thedailystar.net/business/news/yarn-exports-hold-potential-1764490>

Jute refinance fund hiked by BDT 100cr, to run till 2024

New Age, June 24, 2019

- Bangladesh Bank on Sunday enhanced the size of the refinance scheme for the jute sector by BDT 100 crore and extended its tenure for another five years. The central bank issued a circular in this regard on the day which also reduced the applicable interest rate for the borrowers — jute millers and exporters.
- Under the new circular, banks, as like the earlier policy, would get fund from the central bank at bank rate, while the jute millers and exporters would get fund from the refinance scheme at 8 % instead of existing 9 %. Enhanced size of the revolving fund would become BDT 300 crore.
- BB launched the refinancing scheme with a fund of BDT 200 crore in 2014 to support jute sector for bringing back its glorious past. After the extension of tenure of the fund, banks would be able to get fund for the jute sector till June, 2024.
- Eighteen private and public commercial banks were nominated for channelling the fund to the public and private jute mills, raw jute traders and exporters.
- The banks are — Sonali Bank, Rupali Bank, Agrani Bank, Janata Bank, Basic Bank, United Commercial Bank, IFIC Bank, National Bank, Prime Bank, AB Bank, Mercantile Bank, Uttara Bank, Bank Asia, Standard Bank, One Bank, The City Bank, NRBC Bank and Rajshahi Krishi Unnayan Bank.

<http://www.newagebd.net/article/76311/jute-refinance-fund-hiked-by-BDT-100cr-to-run-till-2024>

International

Google appears to have leveraged Android dominance

The Daily Star, June 30, 2019

- Google appears to have misused its dominant position in India and reduced the ability of device manufacturers to opt for alternate versions of its Android mobile operating system, Indian officials found before ordering a wider probe in an antitrust case.
- A 14-page order from the Competition Commission of India (CCI), reviewed by Reuters this week, found Google's restrictions on manufacturers seemed to amount to imposition of "unfair conditions" under India's competition law.
- Reuters reported last month that the CCI had launched a probe in April against Google for its alleged abuse of Android's dominant position to block rivals, but the contents of the directive detailing the initial assessment upon which that investigation was ordered have not been previously revealed.

- The Indian case is similar to one Google faced in Europe, where regulators imposed a \$5 bn fine on the company for forcing manufacturers to pre-install its apps on Android devices. Google has appealed against the verdict.
- While the order, dated April 16, called for a wider probe against Google, the watchdog's investigations unit could still clear Google of any wrongdoing. The amount of any fine that could be imposed on Google if the CCI rules against it was not clear.

<https://www.thedailystar.net/business/news/google-appears-have-leveraged-android-dominance-1764463>

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