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**Industry and Equity Analysis Team**

**Credit Risk Management  
IDLC Finance Limited**



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Prepared by:

Industry and Equity Analysis Team  
Credit Risk Management  
IDLC Finance Limited

*If you have any comments and/or suggestions, please write to [creditriskmgt@idlc.com](mailto:creditriskmgt@idlc.com)*

## ECONOMY AND BUSINESS

### Bangladesh moves up in trade logistics efficiency

Bangladesh has emerged as an over performing country in proving efficiency of trading goods around the world, according to a new World Bank survey. Bangladesh ranked 79<sup>th</sup> in the global Logistics Performance Indicators (LPI) study released on January 15, 2009. It was in the 87<sup>th</sup> position in the 2007 survey. The report says Bangladesh has made a significant improvement in customs, infrastructure, and lead-time. Germany is the top performer among the 155 economies followed by Singapore, Sweden and the Netherlands. In the LPI index 2010, Bangladesh scored 2.74 where top country Germany bagged 4.11 points. In the 2007 report, Bangladesh ranked 87<sup>th</sup> with a score of 2.47. Bangladesh's shipment lead-time came down to 1.41 days in the latest survey from 4.1 days in 2007. In terms of international shipment, Bangladesh ranked 61<sup>st</sup> in the latest survey, which was 96<sup>th</sup> in 2007. In the customs procedure, Bangladesh ranked 125<sup>th</sup> in 2007, which is 90<sup>th</sup> now. The 2010 report has placed Bangladesh in the 72<sup>nd</sup> position in terms of infrastructure. The ranking was 82<sup>nd</sup> in the 2007 report.

### BB pins much hope on global economic recovery and upbeat on Bangladesh's status upgrade

Bangladesh Bank (BB) has found strong link between the performance of Bangladesh economy in the current fiscal and the pace of recovery of the global economy from deep recession. In its annual report (for fiscal 2008-09) released on January 24, 2010, BB expressed the fear that Bangladesh might have to make some downward revision in its medium-term economic forecasts in the event of the third wave of recession. It has also listed the stabilization of inflation as a major challenge for the policymakers. However, the report while dwelling on the near and medium term prospects of the macro-economy said Bangladesh would be able to become a middle income country after posting USD 976 as per capita gross national income (GNI) by 2013. BB observation came as the per-capita GNI of Bangladesh has increased by over 50% to USD 690 in the last four years up to fiscal 2008-09 (FY09). In the updated medium-term macroeconomic framework (MTMF), the real GDP growth has been projected conservatively to be in the range of 5.5% to 6% in FY10. On the other hand, inflation is projected to decline to 6.5% in FY10 and to 6% in FY12, with monetary policy stance to support attainment of highest sustainable output growth without triggering escalation of inflation.

### Bangladesh slightly improves economic freedom score

Bangladesh's economic freedom score is 51.1, making its economy the 137<sup>th</sup> freest in the 2010 Index, according to the Heritage Foundation. Its overall score is 3.6 points higher than last year, mainly reflecting improvements in trade freedom and investment freedom. The overall freedom to start, operate, and close a business is limited by Bangladesh's regulatory environment. Starting a business takes an average of 44 days, compared to the world average of 35 days. Obtaining a business license requires less than the world average of 18 procedures. According to the Heritage Foundation, twenty points were deducted from Bangladesh's trade freedom score to account for non-tariff barriers. On fiscal freedom, the Foundation said Bangladesh has a moderate income tax rate and a high corporate tax rate. In the most recent year, overall tax revenue as a percentage of GDP was 8.4% and government spending equaled 14.3% of GDP. About monetary policy, the Foundation said inflation is accelerating, averaging 8.4% between 2006 and 2008. Bangladesh is ranked 29<sup>th</sup> out of 41 countries in the Asia-Pacific region. Hong Kong topped the economic freedom ranking with scoring 89.7, followed by Singapore with scoring 86.1 and

Australia with scoring 82.6. Among other South Asian countries, India ranked 124<sup>th</sup> position with scoring 53.8, followed by Pakistan's 117<sup>th</sup> position with scoring 55.24 and Sri Lanka's 120<sup>th</sup> position with a score of 54.6.

### Rush for savings tools forces government to downsize bank borrowing

The government has downsized its bank borrowing target for the current fiscal to BDT 97.08 bn, or about 43%, in view of its higher borrowing from the non-banking sources, including savings instruments, according to the Ministry of Finance (MoF). The decision has recently been taken at a meeting of the Government Cash and Debt Management Committee (CDMC) which was presided over by Mohammed Tarek, Secretary, Finance Division, MoF. The government in its budget document for the current 2009-2010 fiscal had estimated its bank borrowing at BDT 167.55 bn and non-bank borrowing at BDT 38 bn to finance the budget deficit. According to the latest data, the borrowed amount of the government from the non-banking source during the first five months of the current fiscal year was BDT 48.80 bn against the annual target of BDT 38 bn. Of the revised target BDT 47.48 bn has already been borrowed from banking source during the first six months of the fiscal, Bangladesh Bank (BB) data showed.

### Aid disbursement 74% up during July-Nov period of 2009

Foreign aid disbursement increased by about USD 500 mn or 73% during the first five months (July-November) of the current (2009-2010) fiscal year compared with that of the corresponding period of the previous fiscal, according to provisional estimate of the Economic Relations Division (ERD). The total aid disbursed during July-November of 2009 stood at USD 1,179.51 mn, against USD 684.37 mn disbursed in the same period of the previous fiscal. Of the total amount, USD 1,046.14 mn came as loan, while the remaining USD 133.37 mn as grant. However, aid commitment during the period under review dropped by USD 45 mn or 3.27% over that of the same period of previous fiscal year.

### Bahrain opens bank under Grameen model

Family Bank, a microfinance bank licensed by the central bank of Bahrain, opened in Bahrain on January 14, 2010. Nobel Laureate Prof Muhammad Yunus and Chairman of the Board of Trustees of the Royal Charities Organisation Prince Shaikh Nasser bin Hamad Al Khalifa inaugurated the bank at a ceremony at the Gulf Hotel Convention Hall in Bahrain. Family Bank is expected provide collateral-free microcredit to 4,500 borrowers within three years, following the Grameen Bank approach. Grameen Trust, a member of the Grameen family of companies, has been working with the government of Bahrain to develop Family Bank since 2007. Grameen Trust is an implementing partner and has a seat on the board of directors of the bank.

### Investments in EPZs

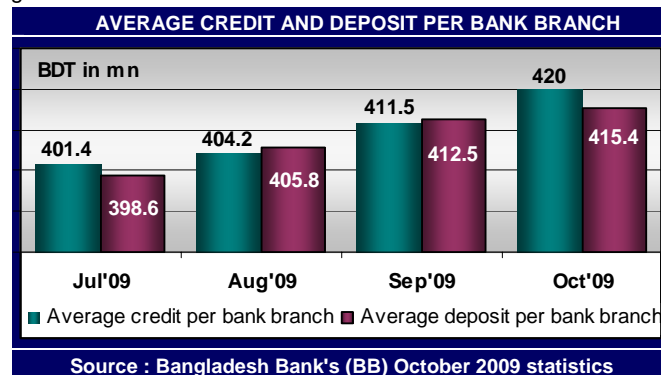
- **Arrow Fabrics (Pvt) Ltd**, a Bangladeshi company, will invest USD 1.74 mn to expand its garment manufacturing industry in the Karnaphuli EPZ. The 100% local company will create employment opportunity for 1,500 Bangladeshi workers.
- **Talisman Limited**, a UK-based company, will invest USD 5 mn for setting up a high fashion garment manufacturing industry in the Dhaka EPZ. The company will create employment opportunity for 1,800 Bangladeshi nationals.
- **Hela Clothing Bangladesh Limited**, a Sri Lankan company, will invest USD 5 mn in setting up a garment manufacturing industry in Karnaphuli EPZ. The 100% foreign-owned company create employment opportunity for 3,061 people, including five foreign ones.

### Banks step into Basel II

Bangladesh entered the Basel II regime, the latest version of risk-based capital standards set for banks worldwide, on the first day of 2010. In a recent central bank circular, Bangladesh Bank (BB) reminded all scheduled banks to follow the guidelines on risk-based capital adequacy (RBCA) from January 01, 2010. "Accordingly, instructions regarding minimum capital requirement (MCR), adequate capital and disclosure requirement as stated in the guidelines have to be followed by all scheduled banks for the purpose of statutory compliance," according to BB. A bank's minimum capital must be BDT 4 bn by August 11, 2011. Of the amount, BDT 2 bn must be in paid-up capital. On the other hand, the RBCA ratio has to be a minimum 10% of assets. BB statistics show private and foreign commercial banks maintained the capital adequacy ratio of 12.03% and 28.26% as of June 2009. The ratio is 9.07% for state-owned commercial banks while it is 0.21% for state-owned specialised banks. Under the Basel II accord, risk of assets of a bank client must be rated by external credit rating agencies, otherwise, provision will be much higher than that for a good rated client.

### Bank's Credit-deposit ratio crosses 100% in October 2009

Banks' credit-deposit ratio continued to remain around 100% in the first four months of the current fiscal year 2009-2010, much higher than Bangladesh Bank's norms of 82%. The ratio was above 100% in the first 11 months of last fiscal year, with 98.69% in June 2008. The trend indicates higher utilization of loan-assets from deposits despite a sluggish investment demand amid the global crisis in 2009.



### Banks shift focus to home loans

Commercial banks are increasingly coming forward to provide home loans. The banks' outstanding home loans have doubled to BDT 123.60 bn in fiscal 2009 from BDT 64 bn in fiscal 2006. Private Banks led the tally with BDT 74.90 bn outstanding loans to the housing sector as on June 30, 2009, against just BDT 35.10 bn three years ago. Outstanding housing loans from four state-owned banks also rose by over 42% and reached to BDT 36.70 bn at the end of fiscal 2009 from BDT 25.80 bn in fiscal 2006. While commercial bank lending to the sector raised constantly, state-owned specialised housing loan provider, Bangladesh House Building Finance Corporation (BHBFC), is going down slowly. BHBFC's outstanding loan stood at BDT 24.90 bn at the end of fiscal 2009, which was BDT 26.30 bn in fiscal 2006. According to Bangladesh Bank (BB) statistics, housing loans reached BDT 181.80 bn at the end of fiscal 2009 from BDT 100.90 bn in fiscal 2006, a whopping 80% rise.

### SCBs lose market to private banks

The market share of state-owned commercial banks (SCBs) has declined while that of the private commercial banks (PCBs) increased gradually. "In 2008 the SCBs held 31.1% of the total

industry assets against 33.1% in 2007. PCBs' share rose to 54.2% in 2008 against 51.4% in 2007," according to Bangladesh Bank's (BB) annual report for the fiscal 2008-09, released on January 24, 2010. Nine foreign commercial banks (FCBs) held 8% of the industry assets in 2008, showing a declining trend by 0.2 percentage points over the previous year. However, the share of assets of government-owned development finance institutions (DFIs) was 6.7% in 2008 against 7.3% in 2007, BB data showed.

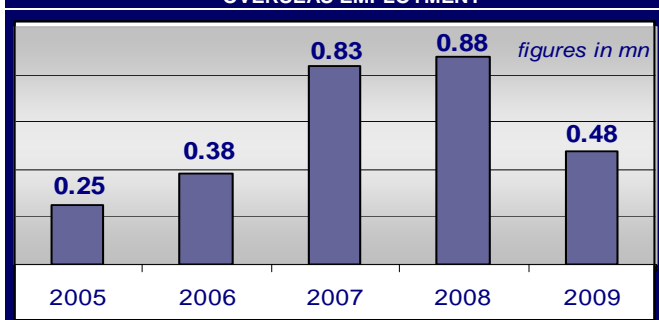
### Insurance turnover exceeds BDT 60 bn

Insurance companies performed well last year, beating back the impact of global recession. Turnover from insurance business surpassed BDT 60 bn in 2009 with life insurance alone having a record of BDT 50 bn deals. The growth rate of insurance stood at 20% to 25%, according to Bangladesh Insurance Association (BIA). Business turnover of general insurance covered the remaining volume of business and its growth rate is estimated at 15% to 20%. Insurance business in 2008 stood at BDT 47.13 bn, while it was BDT 35.97 bn for life insurance. The business growth figure has been estimated on the basis of premium income report presented by 22 life insurance and general insurance companies to BIA for the period up to September 2009.

### 72,000 migrants return as jobs dry up overseas

Some 72,000 Bangladeshis returned home jobless last year as global recession sapped demand for workers in the country's traditional overseas job markets. That figure was an increase of 33% compared with 2008 when 54,000 Bangladeshis were deported home. The number of Bangladeshi workers who found overseas jobs in 2009 almost halved to 475,278, down from an all-time high of 875,000 in 2008 as a result of the global recession, according to figures available with the Bureau of Manpower, Employment and Training (BMET).

#### OVERSEAS EMPLOYMENT



Source : Bureau of Manpower Employment and Training (BMET)

### Mobile operators add 1.87 mn customers in December 2009

Monthly mobile subscriber acquisition growth marked a 323% rise in December 2009 to 1.87 mn compared to 0.84 mn decline in November 2009. The total mobile subscriber base rose to 52.43 mn in December 2009 from 50.56 mn in November 2009, according to Bangladesh Telecommunication Regulatory Commission (BTRC) statistics.

Service Provider	New Subscriber Addition in December 2009 [In Million]	Total Subscribers at the end of December 2009 [In Million]
GrameenPhone	0.51	23.26
Banglalink	0.88	13.87
AKTEL	0.42	9.29
Warid Telecom	0.07	2.99
PBTL (CityCell)	(0.02)	1.95
Teletalk	0.01	1.07
<b>Total</b>	<b>1.87</b>	<b>52.43</b>

### SELECTED ECONOMIC INDICATORS

Item	Period/As of	Value/bn	Period/As of	Value/bn	+/(-)%
Broad Money (M2)	Nov'09	3,230	Nov'08	2,681	20.46%
Bank deposits	Oct'09	2,742	Oct'08	2,287	19.85%
Bank credit	Oct'09	2,399	Oct'08	2,106	13.91%
Total Domestic Credit	Nov'09	3,026	Nov'08	2,704	11.91%
Revenue Collection	Nov'09	47	Nov'08	38	21.53%
Export	Jul-Nov' 2009-10	6.098	Jul-Nov' 2008-09	6.551	-6.93%
Opening of LC	Jul-Dec' 2009-10	13.194	Jul-Dec' 2008-09	11.176	18.06%
Foreign Exchange Reserve	Jan'10	10.101	Jan'09	5.544	82.20%
Workers' Remittances	Dec'09	0.876	Dec'08	0.758	15.61%
Annual rate of Inflation	Oct'09	5.11%	Oct'08	9.80%	

Source: Selected Indicators: Weekly Update: January 28, 2010; Bangladesh Bank.

### EXPORT STATISTICS

Figures in USD mn

Item	Jul-Nov 2009-10	Jul-Nov 2008-09	Change +/(%)
Knitwear	2,581.68	2,736.65	-5.66%
Woven RMG	2,124.17	2,305.31	-7.86%
Frozen Food	182.98	242.38	-24.51%
Home Textile	117.49	140.68	-16.48%
Leather	83.94	92.04	-8.80%
Chemical Products	89.51	168.48	-46.87%
Foot Wear	80.10	84.77	-5.51%
Engineering Products	92.70	77.2	20.08%
Agricultural Products	58.92	68.77	-14.32%
Raw Jute	86.58	65.01	33.18%
Others	599.64	570.16	5.17%
<b>Total</b>	<b>6,097.71</b>	<b>6,551.45</b>	<b>-6.93%</b>

Source: Export performance for the month of July-November 2009-2010; Export Promotion Bureau, Bangladesh

### IMPORT LC STATISTICS

Figures in USD mn

Items	July-Oct 2009			July-Oct 2008		
	FLCO	SOLC	OSTLC	FLCO	SOLC	OSTLC
Capital Machinery	526	447	785	462	558	985
Textile Fabrics (B/B & Others)	1,004	958	1,257	1,094	1,084	1,498
Rice and Wheat	445	245	298	292	240	335
Chemicals & Chem. Products	1,371	1,007	1,171	1,665	1,609	1,258
Petroleum & Petro Products	874	518	658	923	923	1,037
Edible Oil & Oil Seeds	374	417	215	298	335	252
Raw Cotton	425	374	458	425	424	442
Scrap Vessels	267	271	11	308	207	152
Pulses	138	80	141	12	36	48
Cotton Yarn	167	145	282	150	205	258
Paper and Paper Board	94	102	83	93	109	61
Synthetic Fibre & Yarn	78	95	105	106	118	125
Sugar and Salt	344	128	310	93	132	134
Others	3,359	2,027	2,547	2,086	1,917	2,492
<b>Total</b>	<b>9,466</b>	<b>6,813</b>	<b>8,322</b>	<b>8,006</b>	<b>7,899</b>	<b>9,076</b>

FLCO = Fresh LC Opening, SOLC = Settlement of LC, OSTLC=Outstanding LC  
Source: Major Economic Indicators: Monthly Update; Dec 2009; Bangladesh Bank.

## REGULATORY NEWS

### **New division under finance ministry**

The government has created a new unit of the finance ministry -- Bank and Financial Division -- for further devolution of the vital ministry's function. This is the fourth division under the ministry. The other three divisions are Finance Division, Internal Resources Division and Economic Relations Division. The division will oversee the credit and interest rate policies of the commercial banks, issue guidelines and policy directions for insurance sector, monitor and regulate the share market and review investment policies and programmes of the government.

### **Industries hit during CG to be bailed out**

Bangladesh Bank (BB) has relaxed down payment rules by empowering financial institutions to reschedule classified loans of the clients, who went into hiding or were detained in jail during the last caretaker government (CG). The loan reschedule facility will be applicable to those against whom charges were not proved. Under the new provisions, the FIs (non-bank) can now reschedule such loans or leases on the basis of their relationship with clients until June 30, 2010. BB issued a circular in this connection on January 12, 2010 and asked the Chief Executives and Managing Directors of all 29 FIs (non-bank) to follow the latest instructions for rescheduling the loans. However the FIs (non-bank) have to submit the details of the rescheduled loans or leases under this facility to the central bank within 7<sup>th</sup> of each month.

### **Farmers can open bank account with BDT 10 deposit**

Cash-starved farmers now will be able to open account with the state-owned banks with a nominal deposit of BDT 10, according to Bangladesh Bank (BB) circular issued on January 17, 2010. Interested farmers will require national identification card or birth certificate or agriculture card issued by the Department of Agriculture Extension to open the bank accounts. The banks have been asked not to impose any restriction on keeping a certain amount of balance with the accounts and realise any service charge on such accounts, according to the circular.

### **BB sets ceiling on bank guarantee charge for ship builders**

Local commercial banks will be able to charge a fee of not more than 1.5% annually for issuing any guarantee to local shipbuilders for receiving any advance from a ship importer abroad. Bangladesh Bank (BB) issued a circular in this connection on January 17, 2010 asking the Chief Executives and Managing Directors of all commercial banks to follow the directive. A master circular on schedule of charges, issued by the BB on December 22, 2009, will be applicable to opening of letters of credit (LC) in the industry, the circular said. Both deposits and lending came under the purview of the master circular that came into effect on January 01, 2010. The charges for sight LCs, deferred LCs, 100% cash margin LCs and back-to-back LCs will be 0.40%, 0.50%, 0.25% and 0.40% on a quarterly basis. The banks will not charge more than 2% as commission annually for opening LCs., according to the circular.

### **FIs (non-bank) to get BB fund for green business**

Bangladesh Bank (BB) has decided to provide financial institutions (non-bank) with funds for loan distribution for the installation of solar cookers, and biogas and effluent treatment plants. The central bank issued a circular on January 19, 2010 on providing FIs (non-bank) with refinancing facilities for 'green businesses.' Interested FIs (non-bank) will receive the policy support and advice from the SME and special programme department for taking fund from the refinancing scheme.

### **BB asks banks to take permission for real estate business**

Bangladesh Bank (BB) has asked all commercial banks not to purchase, sell or obtain lease of land, flats, buildings and spaces without its permission. Aiming to stop alleged illegal real estate businesses of bank directors, the Banking regulation and policy department of the central bank on January 25, 2010 issued a circular in this connection which will be effective immediately.

### **BB tightens rules for banks to appoint directors**

Bangladesh Bank (BB) has directed all commercial banks to verify if a person is a loan defaulter before appointing him or her as a director to the bank's board. The banks will have to get the verification from Credit Information Bureau (CIB) of the central bank. BB in a circular issued on January 28, 2010 said the bank concerned must send to the central bank the updated declaration of CIB report attested by the chairman of the bank before selecting any person as director.

### **New SEC instructions for bourses**

Securities and Exchange Commission (SEC) on January 05, 2010 formally instructed both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) authorities to calculate the index point of a debutant company from the second day of trading on the bourses to put the practice on international standard. The fresh decision came after a meeting of SEC Chairman Ziaul Haque Khandker with the chief executive officers (CEOs) of the two bourses at its office to explain the complexities arisen with regard to index counting. According to the new rules, the bourses will count the index point on the basis of first day's last trading price of the debutant company with the average index points of the second day to remove any complexities in such counting.

### **SEC allows investors' choice in getting IPO refund warrants**

Unsuccessful IPO applicants, from now on have to mention in their application forms in which way (manual or online), they intend to have the refund money. But in case of online banking the applicants must bear the bank fees to have the refund money. The Securities and Exchange Commission (SEC) on January 19, 2010 took the decision. SEC said the cash dividend of the listed companies would also be distributed through the aforesaid ways from right now.

### **Government eases export ban on jute ready for shipment**

The government has recently relaxed the export ban on raw jute, only for which letters of credit (LCs) were opened for shipment before imposition of the export restriction on December 07, 2009. The government has also kept the 'machine processed staple jute (MPS)' outside the purview of the ban. "On the basis of Bangladesh Bank (BB) list, restrictions on export of raw jute, against which LCs were opened until December 07, 2009 through 16 banks has been withdrawn," said a circular issued by the textile and jute ministry on January 03, 2010. It, however, said despite opening of LCs, the BTR (Bangla white rejected) categories of raw jute cannot be exported. Such relaxation on the export ban came following a decision of an inter-ministerial meeting, which was held recently with the Textile and Jute Minister Abdul Latif Siddiqui in the chair.

## INTERNATIONAL

### **IMF forecasts rising commodity prices this year**

Global commodity prices, including those of food and oil, are likely to increase in the year ahead after a sharp decline at the start of 2009, according to a report of International Monetary Fund (IMF). The report, an Outlook for 2010 on commodity prices, projects rising global demand leading to higher prices. The rising demand

is expected to coincide with a faster expansion of global commerce as there is stronger perception that the worst recession is over aided by worldwide stimulus packages. According to the report, emerging and developing economies will lead the price rise with their industrialization. The IMF's commodity price index, according to the report, rose by over 40% in the 8 months since global industrial production reached a trough in February 2009. But after similar downturns, the index rose by only 5% on average over 8 months after a slump. The recent recession had also caused a sharper decline in comparison to the previous ones. The rising prices, however, were unlikely to cause another price spike in the near term according to the report.

### Poverty is world's biggest problem: BBC poll

Poverty is the most serious problem facing the world, according to a major worldwide poll out on January 17, 2010 which put the issue well ahead of climate change, terrorism and war. Overall, 71% of people named extreme poverty as the biggest global issue, compared to 64% who cited the environment or pollution and 63% the rising cost of food and energy. Terrorism, human rights and the spread of disease were singled out by 59%, climate change and the state of the world economy by 58% and war by 57%. "Even if the global recession has kept economic problems top of people's minds this year, extreme poverty is clearly viewed as the world's most serious global problem," according to Sam Mountford, Research Director for GlobeScan, which conducted the poll for the BBC World Service.

### Growth may wilt as stimulus fades: WB

The global economy will suffer the fallout from the financial crisis for years to come, the World Bank said on January 21, 2010 in a report warning that growth may wilt later this year as stimulus spending fades. The Washington-based bank forecasts the world economy will grow 2.7% in 2010, and 3.2% in 2011. It contracted 2.2% in 2009. In the U.S., growth is projected at 2.5% in 2010 and 2.7% in 2011. European economies will see a slower recovery, with growth forecast at only 1% in 2010. China's economy, whose recovery has led the global rebound, will expand by 9% in 2009 and the next, the report said. Developing countries will as usual see higher growth rates, at a combined 5.2% in 2010, but will be plagued by shortages of financing and investment that will handicap their progress. Rich countries will grow more slowly, by 1.8% in 2010, as fragile financial markets and anaemic private demand crimp job creation and investment. World trade volumes, which plunged 14.4% in 2009, are expected to rise 4.3% in 2010 and 6.2% in 2011 - though excess manufacturing capacity will limit gains in jobs and growth.

### World steel output drops by 8% in 2009

Global crude steel dropped 8% in 2009, in one of the worst downturns in its history, but analysts expect production to rise around 10% in 2010 as the USD 500 bn industry slowly recovers. The world produced 1.22 bn tonnes of crude steel in 2009, its lowest level since 1.144 bn tonnes in 2005, figures from the Brussels-based World Steel Association, whose members represent 85% of steel output. China strengthened its position as the world's top producer, with its production rising to a record high at 567.8 mn tonnes. After last year's 13.5% rise in its output, the country now accounts for 46.5% of the world's total production and is set to be the engine of growth once again in 2010. Analysts expect global steel production and demand to rise by around 10% in 2010 over 2009, bringing production back to the 2008 level of approximately 1.2 bn tonnes. Signs of recovery were evident in monthly figures from last year. In December, output rose by 30.2% year-on-year to 106.4 mn tonnes although they showed a slight fall compared with November's 117 mn tonnes.

### Venezuela holds world's largest oil reserves

US Geological Survey on January 24, 2010 said Venezuela's Orinoco oil belt holds 513 bn barrels of recoverable heavy crude, nearly twice as much as the proven reserves of Saudi Arabia. In its latest estimate, the US Geological Survey said the area had the largest accumulation it had ever assessed. According to the estimates, the assessments based not on estimated reserves that could be certified but on 'what could be recoverable with the technologies that we're aware of January 25, 2010.

## MARKET ROUNDUP

### WEEKLY CURRENCY ROUNDUP (24-28 January, 2010)

Global Markets, Standard Chartered Bank

#### Money Market

Money market rates traded in the range of 3.25- 4.25. Most deals traded around 4.00%. The market was liquid.

#### Foreign Exchange Market

**Local:** The local market was slightly subdued on January 31, 2010 as the international markets were closed. USD/BDT rates were stable today. Liquidity in the market was adequate.

**International:** The international market was closed on January 31, 2010. The dollar rose against major currencies on January 29, 2010 after stronger-than-expected economic data reinforced the view the United States was recovering from recession faster than other developed countries.

### EXCHANGE AND FORWARD RATES: (As on January 31, 2010)

Major Currency Exchange Rates			Exchange Rate of Some Currencies		
Currency	BC Sell BDT	TT Buy BDT	Currency	Currency Per USD	BDT per Currency
USD	69.55	68.55	INR	46.30	1.49
EUR	98.64	92.97	PKR	85.08	0.81
GBP	113.49	107.61	LKR	114.65	0.60
AUD	63.04	59.25	THB	33.18	2.08
JPY	0.80	0.74	MYR	3.41	20.23
CHF	67.28	62.90	USD forward rate against BDT		
SEK	9.79	8.92			
CAD	65.61	63.35			
HKD	8.97	8.82			
SGD	50.04	48.48		Buy	Sell
AED	19.09	18.51	1 Month	68.62	69.87
SAR	18.69	18.14	2 Months	68.73	70.29
DKK	13.32	12.53	3 Months	68.89	70.64
KWD	236.49	235.58	6 Months	69.61	71.80

Source: Standard Chartered Bank

### TREASURY BILL/BOND AUCTION INFORMATION

Auction Date	Tenure & Name of the Securities	Sale Value (in BDT mn)	Weighted Average Yield (%)
17-Jan-2010	91 days T. Bill	217.731	2.33
17-Jan-2010	182 days T. Bill	491.280	2.33
10-Jan-2010	364 days T. Bill	840.000	4.61
20-Jan-2010	5 years T. Bond	660.231	7.81
02-Dec-2009	10 years T. Bond	450.000	8.75
13-Jan-2010	15 years T. Bond	70.000	8.74
23-Dec-2009	20 years T. Bond	285.000	9.10

Source: Bangladesh Bank Website

### INTERNATIONAL COMMODITY PRICES

Commodity	Unit	Price on January 29, 2010 (USD/unit)	Price on December 31, 2009 (USD/unit)	Change +/-
Platinum	Ounce	1,512	1,466	3.14%
Gold	Ounce	1,079	1,104	-2.31%
Palladium	Ounce	419	402	4.23%
Silver	Ounce	16.29	16.99	-4.12%
Nickel	Tonne	18,700	18,848	-0.79%
Tin	Tonne	16,910	16,875	0.21%
Lead	Tonne	2,072	2,440	-15.08%
Aluminium	Tonne	2,100	2,245	-6.46%
Zinc	Tonne	2,135	2,575	-17.09%
Copper	Tonne	6,820	7,424	-8.13%
Crude Oil	Barrel	72.89	79.36	-8.15%
Sugar	Pound	0.2970	0.2724	9.03%
Coffee	Tonne	1,334	1,323	0.83%
Cocoa	Tonne	3,242	3,262	-0.61%

Source: The Financial Express

### IDLC NEWS

#### IDLC participates in REHAB Fair 2009

IDLC Finance Limited has recently participated in a real estate and housing fair organized by Real Estate and Housing Association of Bangladesh (REHAB) at Dhaka Sheraton Hotel.



A total of 268 participants, including 262 housing and real estate companies and 6 financial institutions took part in the five-day fair that was started from January 05, 2010.

#### IDLC arranges blanket distribution program in Bogra

IDLC Finance Limited, as part of its corporate social responsibility, arranged a blanket distribution program at its Bogra branch on January 14, 2010.



Selim R.F. Hussain, CEO & Managing Director of IDLC Finance Limited attended the distribution program as Chief Guest and distributed blankets among the poor people in Bogra. Zahid Ibne Hai - Head of SME, Abul kalam Azad - Bogra Branch Manager and other senior officials of IDLC were present in the event.

#### IDLC participates in the IPO road show of RAK Ceramics as the issue manager

RAK Ceramics (Bangladesh) Limited, a Bangladesh-UAE joint venture, has started process under book-building method to hit the country's stock market. It is the first company, which will make debut on Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), using such modern pricing mechanism for initial public offering (IPO) introduced in March 2009. As part of the process, the tiles and sanitary-ware maker held an IPO road show to woo the eligible institutional investors at Hotel Radisson in Dhaka on January 30, 2010. IDLC Finance Limited as the lead issue manager of the IPO and BRAC-EPL Investments Ltd as the joint issue manager participated in the road show programme. Arif Khan, Deputy Managing Director of IDLC Finance Ltd, presented the company's financial strength while Saiful Islam, Director of BRAC-EPL, explained logic of the company's indicative price and described the bidding process. Arif Khan also responded to the volley of questions asked by the institutional investors about the company's financial side. DSE President Md Rakibur Rahman and RAK Ceramics (Bangladesh) Managing Director SAK Ekramuzzaman also spoke in the road show programme. RAK offers 34.51 mn equity shares worth BDT 10 each in face value under the book-building method. Of which, 20% will be funded by eligible institutional investors, 10% by mutual funds, 10% by non-resident Bangladeshis and 60% by public.

### NEWS IN BRIEF

#### ECONOMY

- The government on January 25, 2010 announced **Rangpur as a new division** with eight northern districts. This raises the total number of administrative divisions in the country to seven.
- **Bangladesh Bank (BB) unveiled on January 19, 2010 an inclusive half-yearly monetary policy** that, it hoped, would help attain higher economic growth and keep inflationary pressure under control. Financial inclusion is a key feature of the new monetary policy, according to the central bank Governor Dr. Atiur Rahman.
- **According to an economic outlook titled Standard Chartered Global Focus | 2010 - The Year Ahead Bangladesh**, prospects are good and the risks lie to the upside. The policy environment is sound, and structural reform initiatives are underway that should help to alleviate poverty and secure longer-term growth potential. GDP growth is expected to be 5.9% in 2009, a creditable performance broadly in line with long-term trends. The outlook also forecast 5.5% GDP growth for 2010 and 6.0% for 2011, confirming the economy's resilience, with industry and services both likely to pick up in the coming months.
- **Bangladesh's growth in the current fiscal year will likely sustain at 5.7%**, according to Citigroup Global Markets 'Asia Macro and Strategy Outlook'.
- **Farm credit disbursements** recorded a 32.39% growth in the first half of the current fiscal 2009-10 (FY10) following some measures including relaxation of rules and regulations by the central bank. Eight state-owned banks and financial institutions along with both local and foreign private commercial banks

disbursed BDT 55.979 bn as agriculture loans during July-December period of FY10 against BDT 42.283 bn in the same period of the previous fiscal, according to Bangladesh Bank (BB) statistics.

### BUSINESS-GENERAL

- **Bangladesh Bank Governor Dr. Atiur Rahman formally launched Dhaka inter-bank offer rate (DIBOR) on January 06, 2010**, which will help banks get a benchmark interest rate or reference rate. In line with the international regulators, the central bank issued a circular in December making the inter-bank offer rate effective from January 01, 2010.
- **The government has re-introduced family savings certificates (FSCs) ranging from BDT 0.01 mn to BDT 1 mn with a maximum 12% interest rate.** The finance ministry has recently issued a gazette re-launching the savings instrument in a bid to encourage the women savers.
- **Bangladesh government, Asian Development Bank (ADB) and Palli Karma Shahayak Foundation (PKSF) on January 07, 2010 inked a tripartite agreement for USD 2 mn to provide low-cost insurance facility to the poor, particularly women.** Joint Secretary of Economic Relations Division (ERD) Safiuddin Ahmed, Country Director of ADB's Bangladesh Resident Mission Paul J Heytens and Deputy Managing Director of PKSF Parveen Mahmud signed the deal for the respective parties at the ERD office in Dhaka.
- **The National Board of Revenue has achieved 18% growth in the first half of the current fiscal** compared to the corresponding period last fiscal. The board has collected revenue worth BDT 264.37 bn in the July-December period of the current fiscal with the Value Added Tax (VAT) collection amount recording about 24% followed by 22% from income tax and 9% from customs.
- **Bangladesh Telecommunications Company Ltd (BTCL) has reduced call charge of its land phones facilities to land phones and mobile phones in 55 countries and the new tariff has already been made effective.** Clients can speak at BDT 6 per minute on land phone and mobiles to 23 countries. On the other hand, they could speak to 32 countries at BDT 6 per minute on land phone and BDT 16 per minute on mobiles.
- **The oil-rich United Arab Emirates (UAE) remained the topmost job provider for Bangladeshi semi-skilled and skilled workers**, giving 46% of the country's total overseas employment in 2009. Despite global financial recession, a total of 258,384 Bangladeshi secured jobs in different sectors in the UAE, which was 38.4% lower than that of the earlier year, according to data revealed by Bureau of Manpower Employment and Training (BMET).
- **The government's third and final two-day road-show for attracting investment in the power and energy sector began in New York on January 28, 2010.** Prime minister's adviser Tawfiq-e-Elahi Chowdhury, State Minister for power and energy Md Enamul Haque and Bangladesh ambassador to the USA Akramul Kader spoke at the road-show, organized to attract investments in power and energy projects worth around USD 8 bn. Representatives of international companies like Morgan Stanley, Siemens, AES, Caterpillar, ConocoPhillips, Chevron and Goldstar Energy attended the session.

### BUSINESS - FIRM SPECIFIC

- **Bangladesh Development Bank Ltd. (BDBL)** that has been formed with the merger of Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS) made its journey on

January 03, 2010. Finance minister Abul Maal Abdul Muhith inaugurated the newly formed bank at the Dhaka Sheraton Hotel in Dhaka as Chief Guest. The head office of BSB on Rajuk Avenue will be the new head office of the BDBL.

- **Export Import Bank of Bangladesh Limited started operation of its fully-owned subsidiary 'EXIM Exchange Company (Canada) Ltd'** in Canada recently. EXIM Exchange Company (Canada) Ltd is located on Danforth Road at Toronto in Canada. Chairman of the bank Md Nazrul Islam Mazumder inaugurated the exchange house as Chief Guest, while Bangladesh High Commissioner to Canada Yakub Ali was present on the occasion as Special Guest. EXIM Bank Director Nasrin Islam and Managing Director Kazi Masihur Rahman, among others, were also present in the ceremony.
- Bangladesh Telecommunication Regulatory Commission (BTRC) on January 04, 2010 gave a go-ahead to **Bharti Airtel's USD 300 mn initial investment proposal to buy a 70% stake in Warid**, the fourth largest mobile company in Bangladesh.
- **Bangladesh Leasing and Finance Companies Association (BLFCA)** has contributed BDT 21.25 mn to the 11<sup>th</sup> South Asian (SA) Games. **IDLC Finance Limited** as a member company of BLFCA donated BDT 2.5 mn for the event. The cheques were handed over to Abul Mal Abdul Muhith, MP Minister, Ministry of Finance and President, Organising Committee of 11<sup>th</sup> SA Games at a ceremony held at the auditorium of Bangladesh Olympic Association recently.

### TRAINING / SEMINARS / WORKSHOPS

- **Standard Chartered Bank organized a daylong training on 'Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT)'** at Narayanganj Club recently. M Mahfuzur Rahman, General Manager of Anti-Money Laundering Department, Bangladesh Bank, inaugurated the training session as the Chief Guest. He facilitated the session jointly with his colleagues-Kamal Hossain, Deputy Director, and Md Masud Rana, Assistant Director, Anti-Money Laundering department of Bangladesh Bank. A total of 50 officers from 33 banks operating in Narayanganj participated in the training programme.
- **Bangladesh Economic Association (BEA) organized a workshop on 'Inclusive Banking: A Means for Sustainable Growth'** at BEA office in Dhaka on January 23, 2010. High officials of 34 commercial banks participated in the daylong workshop. Bangladesh Bank Governor Dr. Atiur Rahman was present as the Chief Guest at the inaugural session of the workshop. BEA President Qazi Kholiquzaman Ahmad also spoke at the event. While speaking at the session, the central bank Governor has called upon banks to increase investment in the disaster-prone areas, saying that poverty is now shifting from the northern region of the country to the south.
- **Dhaka Chamber of Commerce and Industry (DCCI) organized a seminar styled 'In pursuit of duty- and quota-free access to the US market' on January 25, 2010.** The seminar was chaired by the Chamber President Abul Kashem Khan. Annisul Huq, President of the Federation of Bangladesh Chambers of Commerce and Industry, was the Chief Guest at the seminar while Humayun Kabir, Bangladesh Ambassador to Washington, presented the keynote paper. President of the Bangladesh Knitwear Manufacturers and Exporters Association, Fazlul Hoque, and Deputy Secretary to the Ministry of Commerce, Sharifa Khatun, spoke at the seminar among others.



### REWARDS AND RECOGNITIONS

- **International Leasing and Financial Services Limited (ILFSL)** has got the 'certificate of merit' award from the Council of the Institute of Chartered Accountants of Bangladesh (ICAB). ILFSL received the award for its annual report 2008 under the category II: financial sector—non banking.
- **Shahjalal Islami Bank Limited** has received ICAB National Award-2008 for its published accounts and reports from the Institute of Chartered Accountants of Bangladesh.
- **FinanceAsia**, a Hong Kong-based financial publication, has named **Citi's Global Transaction Services as the best cash management bank in Asia in 2009** for a sixth year.
- **Transcom Beverages Limited (TBL)** won the "Bottler of the year award" for the third time in recognition of the outstanding business results in 2009. PepsiCo International Regional Chief Executive Officer (CEO) Sanjeev Chadha and Indian Actress Katrina Kaif handed over the trophy to Chairman and Managing Director of TBL Latifur Rahman at PepsiCo International annual conference in Bangkok recently.

### CSR ACTIVITIES IN THE MONTH

- **Mutual Trust Bank Limited (MTB)** distributed blankets to the cold-affected poor people of Sapahar in Naogaon recently. MTB Deputy Managing Directors (DMDs) Md Hashem Chowdhury and Md Ahsan-uz Zaman distributed blankets to the poor people.
- **Lafarge Surma Cement Ltd** on January 25, 2010 distributed blankets among the underprivileged people at Kutubpur Terminal in Kanchpur, Narayanganj.

### INTERNATIONAL

- **East Asia is expected to lead a mild economic recovery for 2010 with a forecast growth of 6.7%**, the United Nations said in a report released on January 20, 2010. The UN World Economic Situation and Prospects 2010 Report attributed much of East Asia's growth to China's gross domestic product, as it 'expanded' by 8.1% in comparison to 9% in 2008.
- **Asia's developing economies are seeing acceleration in 2010**, led by an expected 10% growth rate by China, the International Monetary Fund (IMF) forecast recently as the region recovers swiftly from a global downturn. In its World Economic Outlook update released on January 26, 2010, the Washington-based fund said Asian developing economies were set to grow at an average 8.4% this year as well as in 2011, compared with 6.5% in 2009.
- **India's wholesale inflation rose sharply in December 2009.** The wholesale price index, India's main gauge of inflationary trends, jumped to 7.31% year on year in December, provisional data from the commerce ministry showed on January 14, 2010. The wholesale inflation rate had climbed by a larger-than-expected 4.78% in November from a year earlier.
- **Consumer prices in the 16 countries that use the euro rose by 1% in the year to January 2010**, official figures showed on January 29, 2010 — a further sign that inflationary pressures in the eurozone remain relatively benign.
- **Singapore's economy shrank 6.8% in the fourth quarter to December 2009** from the previous three months, but the slowdown was less than expected for the whole year.
- **Britain narrowly exited a record recession in the fourth quarter of 2009.** "Gross Domestic Product (GDP) increased

0.1% in the fourth quarter of 2009, compared with a decrease of 0.2% in the third quarter," according to the Office for National Statistics (ONS).

- **US economy** grew at a faster-than-expected 5.7% pace in the fourth quarter of 2009, the quickest pace in more than six years.

### UPCOMING EVENTS

Event	Period	Location
Information Technology Fair	10-14 February 2010	Dhaka, Bangladesh
US Trade Show	18-20 February 2010	Dhaka, Bangladesh
India Trade Fair (ITF) 2010	25-27 February 2010	Dhaka, Bangladesh
Food and beverage exhibition – "FOODEX Japan-2010"	02-05 March 2010	Chiba, Japan
Digital public innovation fair 2009	March 2010	Dhaka, Bangladesh
Single Country Trade Fair	26-28 March 2010	Greece
Single Country Trade Fair	April 2010	Mumbai, Delhi, Bangalore and Hyderabad of India
Single Country Trade Fair	24-25 May 2010	Sweden
Bangladesh Clothing Show 2010	28-29 May 2010	London
Single Country Trade Fair	25-27 June 2010	Italy

### KEY DIPLOMATIC / INTERNATIONAL ORGANIZATIONS APPOINTMENTS

Organization	Position	Name
Korea-Bangladesh Chamber of Commerce & Industry	President	SM Kamaluddin
Bangladesh Malaysia Chamber of Commerce and Industry (BMCCI)	President	Syed Moazzam Hossain
Asian Development Bank	Director General, South Asia Department	S Hafeez Rahman
Haier Telecom	Country Manager	Mohammad Abul Ahsan

### MANAGEMENT CHANGE - BANKS & FIS

Organization	Position	Name
National Asset Management Ltd	MD & CEO	Md Amanullah
Woori Bank, Bangladesh	General Manager & Country Manager	Eung Joon Kim

### MANAGEMENT CHANGE - OTHER ORGANIZATIONS

Organization	Position	Name
Bangladesh Jute Mills Association	Chairman (Re-elected)	Najmul Huq

Note: The information in this and the preceding pages has been compiled from press reports and miscellaneous publicly available sources unless otherwise specified. The authenticity and correctness of the information has not been verified.

## CAPITAL MARKET REVIEW

### DSE \* TOP 15 APPRECIATING ISSUES IN THE MONTH

DSE CODE	SECTOR	MONTHLY APPRECIATION	MONTHLY Av. P/E RATIO	LAST TRADING DAY P/E RATIO	LAST TRADING DAY PRICE	STD. DEV. OF PRICES/ Av. PRICE	Av. MARKET CAPITALIZATION BDT mn	CASH DIV. IN BDT	STOCK DIV.
TRUSTB1MF	MUTUAL FUNDS	161.7%	na	na	24.8	4.3%	5,193.33	-	-
DELTASPINN	TEXTILE	56.3%	33.4	32.1	537.0	13.6%	854.86	10.0	-
ASIAINS	INSURANCE	45.8%	54.2	64.1	998.0	15.1%	1,266.55	-	-
ICB	MUTUAL FUNDS	41.6%	37.8	42.7	3,540.0	15.5%	62,705.71	5.0	100%
KARNAPHULI	INSURANCE	41.4%	33.5	27.8	807.3	14.6%	1,301.85	-	20%
PEOPLESINS	INSURANCE	39.6%	81.8	93.6	1,468.0	14.5%	2,566.19	-	33.33%
GP	TELECOMMUNICATION	37.2%	101.1	120.8	266.9	13.3%	301,702.03	-	-
EASTLAND	INSURANCE	34.2%	35.2	39.2	1,291.0	12.0%	2,460.41	-	30%
GRAMEEN1	MUTUAL FUNDS	33.5%	24.7	30.0	105.6	16.1%	1,477.87	-	-
AL-HAJTEX	TEXTILE	33.5%	87.3	100.8	98.7	13.4%	657.01	-	10%
FIRSTSBANK	BANK	33.0%	55.2	66.7	302.3	7.8%	5,754.11	-	-
SINGERBD	ENGINEERING	33.0%	49.7	56.4	3,848.8	7.1%	7,605.33	30.0	-
STANCERAM	CERAMIC	31.2%	(27.0)	(32.1)	363.3	5.7%	188.07	-	5%
MONNOSTAF	ENGINEERING	30.6%	23.0	24.5	1,327.3	7.9%	49.91	10.0	-
ARAMIT	MISCELLANEOUS	30.3%	30.9	33.5	593.8	7.9%	2,191.37	5.0	-

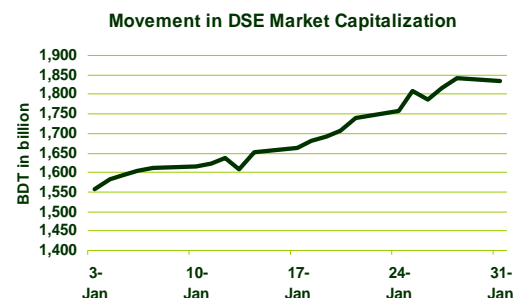
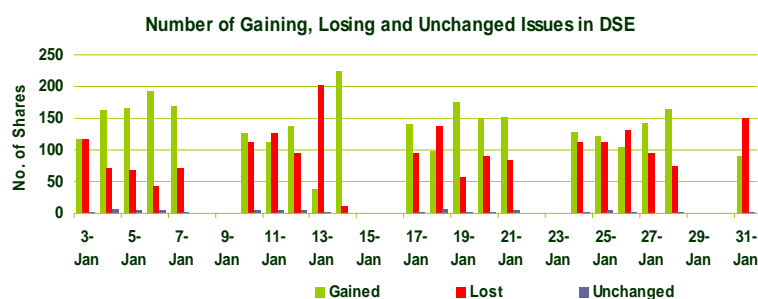
\*The above is based on all DSE A, N-Category Stocks and selected B & Z category stocks. Earnings and dividend figures are the latest as available (audited) from DSE archives in the period of the review. "-" indicates "not available" or "zero". For further information, please write to [creditriskmgt@idlc.com](mailto:creditriskmgt@idlc.com)

### DSE \* TOP 10 DECLINING ISSUES IN THE MONTH

DSE CODE	SECTOR	MONTHLY DECLINE	MONTHLY Av. P/E RATIO	LAST TRADING DAY P/E RATIO	LAST TRADING DAY PRICE	STD. DEV. OF PRICES/ Av. PRICE	Av. MARKET CAPITALIZATION BDT mn	CASH DIV. IN BDT	STOCK DIV.
BSC	MISCELLANEOUS	-24.2%	(90.4)	(83.4)	4,280.0	7.2%	9,279.06	10.0	-
BANGAS	FOOD & ALLIED	-16.8%	96.0	92.5	2,075.0	4.4%	193.95	15.0	-
MONNOJTX	ENGINEERING	-13.1%	97.7	not traded	not traded	4.2%	166.17	10.0	-
RAHIMTEXT	TEXTILE	-7.0%	34.0	33.8	1,705.0	3.3%	311.70	17.5	-
KOHINOOR	PHARM. & CHEM.	-6.2%	36.3	36.3	2,300.0	1.8%	1,152.77	40.0	-
RUPALIBANK	BANK	-5.0%	19.6	19.7	1,377.3	2.6%	17,109.53	-	-
BAYLEASING	BANK	-3.2%	77.7	75.4	1,663.5	2.6%	3,495.98	-	-
MIDASFIN	BANK	-2.6%	38.5	38.3	775.3	2.5%	3,157.03	2.5	15%
ISLAMICFIN	BANK	-2.3%	45.6	44.2	787.8	2.6%	2,590.27	-	16%
FLEASEINT	BANK	-0.7%	27.9	27.0	1,310.0	3.9%	3,114.54	10.0	10%

\*The above is based on all DSE A, N-Category Stocks and selected B & Z category stocks. Earnings and dividend figures are the latest as available (audited) from DSE archives in the period of the review. "-" indicates "not available" or "zero". For further information, please write to [creditriskmgt@idlc.com](mailto:creditriskmgt@idlc.com)

### DSE CAPITALIZATION AND GAINING, LOSING & UNCHANGED ISSUES

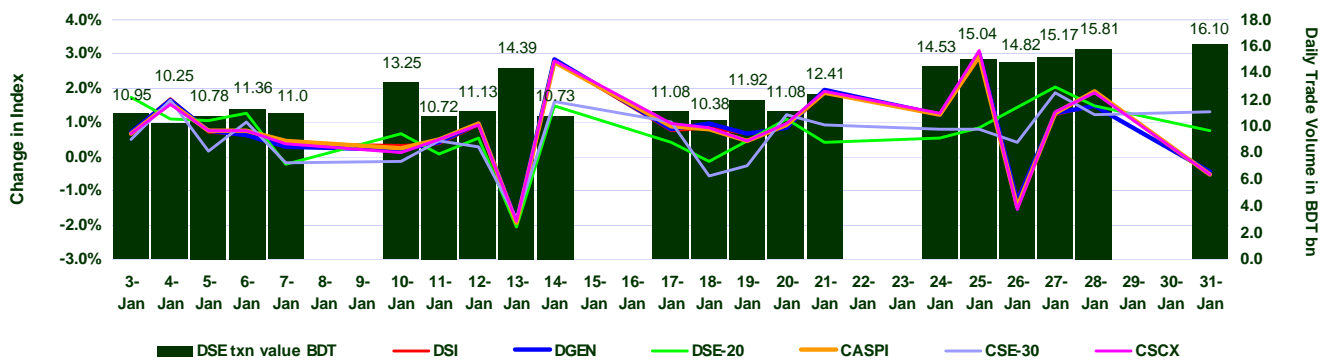


## DSE\* INDUSTRY-WISE STATISTICS

Sector/Industry	Capitalization BDT mn (Avg.)	% Sector Caps	Number	Simple Av. Price Change in Period	Simple Av. P/E Ratio	Weighted Av. P/E Ratio
Banks	511,298	38.11%	48	9.08%	26.74	22.84
Cement	51,882	3.87%	4	11.94%	24.27	51.16
Ceramic	8,289	0.62%	3	23.95%	252.88	(114.33)
Corporate Bond	2,956	0.22%	1	0.96%	-	-
Engineering	63,841	4.76%	15	14.81%	46.70	62.06
Food & Allied	33,924	2.53%	9	8.20%	61.66	32.02
Fuel & Power	189,202	14.10%	9	13.39%	44.83	23.35
Insurance	81,714	6.09%	39	15.42%	36.23	89.19
Investment	87,491	6.52%	22	24.63%	25.84	40.45
IT-Sector	4,672	0.35%	5	12.51%	82.77	74.63
Jute	288	0.02%	2	17.03%	19.12	62.33
Miscellaneous	60,762	4.53%	9	8.52%	39.54	54.53
Pharm. & Chem.	152,149	11.34%	18	15.34%	50.12	33.48
Paper & Printing	4	0.00%	1	0.00%	-	-
Services & Real Estate	38,185	2.85%	7	13.27%	42.71	46.27
Tannery	13,237	0.99%	3	15.55%	16.07	15.91
Textile	41,706	3.11%	15	14.09%	35.12	51.34
<b>TOTAL</b>	<b>1,341,599</b>	<b>100.0%</b>	<b>210</b>	<b>14.06%</b>		

\*The above includes all DSE A, G, N-Category Stocks and selected B & Z category stocks. Earnings and dividend figures are the latest as available (audited) from DSE archives in the period of the review. For further information, please write to [creditriskmgt@idlc.com](mailto:creditriskmgt@idlc.com)

## MOVEMENT OF DSE AND CSE INDICES



## FORTHCOMING IPO APPROVED BY SEC

Name of the issue	Sponsors' Equity (BDT mn)	IPO Amount (BDT mn)	Public Offer (in unit)	Date for subscription
IFIC Bank 1 <sup>st</sup> Mutual Fund	250.00	400.00	40,000,000 ordinary shares	07-11 February 2010

Source: DSE Website

## INTERNATIONAL MARKET MOVEMENTS

Markets	Index Jan 20 <sup>th</sup>	% Change on One Week	% Change on Dec 31 <sup>st</sup> 2008	
			In local currency	In USD
United States (DJIA)	10,725.4	+26.9	+22.2	+22.2
United States (S&P 500)	1,150.2	+31.9	+27.3	+27.3
United States (NAScomp)	2,320.4	+50.0	+47.1	+47.1
Japan (Nikkei 225)	10,737.5	+27.6	+21.2	+20.4
China (SSEA)	3,304.9	+68.9	+72.9	+72.8
Britain (FTSE 100)	5,420.8	+23.2	+22.3	+38.3
Canada (S&P TSX)	11,763.4	+31.3	+30.9	+56.1
Germany (DAX)	5,851.5	+26.2	+21.6	+27.0
Hong Kong (Hang Seng)	21,286.2	+55.7	+47.9	+47.8
India (BSE)	17,474.5	+92.6	+81.1	+93.5
Pakistan (KSE)	9,904.7	+63.5	+68.9	+57.5
Singapore (STI)	2,893.1	+64.2	+64.2	+70.4

Source: The Economist

## YEARLY PROFIT & DIVIDEND DECLARATIONS IN JANUARY

DSE Code	Latest Financial Year		Dividend Declaration			DSE Code	Latest Financial Year		Dividend Declaration		
	Profit (BDT mn)	EPS (BDT)	Cash	Stock	Right		Profit (BDT mn)	EPS (BDT)	Cash	Stock	Right
MAKSONSPIN	74.80	2.65	-	20.00%	-	SALAMCRST	116.55	21.85	15.00%	-	-

## UN-AUDITED HALF YEARLY RESULTS DECLARED IN JANUARY

DSE Code	Profit (BDT mn)	EPS (BDT)	DSE Code	Profit (BDT mn)	EPS (BDT)	DSE Code	Profit (BDT mn)	EPS (BDT)
AIMS1STMF	101.15	0.60	GRAMEENS2	133.06	1.06	NILOYCEM	4.71	2.94
AL-HAJTEX	(7.78)	(1.01)	HILLPLANT	4.53	302.28	NORTHERN	(2.50)	(1.47)
ALLTEX	(39.66)	(8.26)	ICB	1,449.22	72.46	NPOLYMAR	9.51	11.83
ANLIMAYARN	1.49	0.84	ICB1STNRB	23.29	23.29	NLTUBES	14.86	10.88
ANWARGALV	(1.82)	(1.38)	ICB2NDNRB	122.78	12.28	PADMAOIL	149.31	15.24
APEXFOODS	5.28	9.25	ICBAMCL1ST	28.03	28.03	PHARMAID	3.71	71.33
APEXTANRY	62.30	40.88	ICBAMCL2ND	13.39	2.68	POWERGRID	734.10	20.15
APEXWEAV	(88.63)	(22.81)	ICBISLAMIC	18.77	18.77	PRIMETEX	23.50	6.15
ATLASBANG	86.46	6.48	JUTESPINN	2.28	13.39	PROVATIINS	5.83	9.71
AZADIPRIN	0.12	1.89	KEYACOSMET	103.53	3.59	QSMRYCELL	18.79	0.98
BANGAS	1.08	12.03	KEYADETERG	25.53	1.43	RAHIMAFood	4.02	2.01
BDAUTOCA	0.89	2.77	KOHINOOR	20.76	41.52	RENWICKJA	1.80	9.00
BDCOM	7.81	0.63	LIBRAINFU	2.68	21.38	SAIHAMTEX	4.31	3.45
BDPLANT	1.76	176.11	MEGCONMILK	4.73	0.30	SAMATALETH	(2.31)	(2.24)
DBH	193.12	46.60	MEGHNAPEP	(1.80)	(0.15)	SAMORITA	13.58	20.58
DESCO	833.24	62.43	METROSPIN	15.03	0.54	SAVAREFR	0.26	1.88
DSHGARME	0.32	0.93	MIDASFIN	49.46	14.04	SHYAMPSUG	(74.24)	(14.85)
EASTRNLUB	2.60	2.62	MIRACLEIND	(26.95)	(1.36)	STANCERAM	3.49	5.67
ECABLES	0.08	0.03	MITHUNKNIT	3.46	6.92	TITASGAS	2,600.08	30.36
FUWANGCER	12.13	3.67	MODERN DYE	0.53	3.84	USMANIAGL	9.24	16.24
FUWANGFOOD	12.95	0.64	MONNOCERA	1.26	0.93	YOUSUFLOUR	0.22	0.36
GRAMEEN1	116.16	6.83	MONNOJTX	0.13	2.17	ZEALBANGLA	(73.50)	(12.25)

## UN-AUDITED QUARTERLY RESULTS DECLARED IN JANUARY

DSE Code	Profit (BDT mn)	EPS (BDT)	As on	DSE Code	Profit (BDT mn)	EPS (BDT)	As on
APEXSPINN	10.49	12.48	31-Dec-09 (Apr-Dec'09)	PROVATIINS	8.24	13.74	30-Sep-09 (Jan-Sep'09)
ASIAINS	37.54	25.03	30-Sep-09 (Jan-Sep'09)	SONALIANS	4.64	20.52	30-Sep-09
BDTHAI	19.18	11.63	30-Sep-09	SQURPHARMA	1,749.61	115.94	31-Dec-09 (Apr-Dec'09)
IMAMBUTTON	0.85	1.21	30-Sep-09	STYLECRAFT	4.59	83.40	31-Dec-09
NAVANACNG	222.83	6.97	31-Dec-09 (Apr-Dec'09)				

## MUTUAL FUNDS VALUE DECLARED IN JANUARY

DSE Code	NAV (BDT/Unit)	Face Value (BDT/Unit)	DSE Code	NAV (BDT/Unit)	Face Value (BDT/Unit)	DSE Code	NAV (BDT/Unit)	Face Value (BDT/Unit)
1STBSRS	1,104.88	100	ICB2NDNRB	180.19	100	Third ICB	2,181.05	100
1STPRIMFMF	17.72	10	ICBAMCL1ST	539.34	100	Fourth ICB	2,325.48	100
AIMS1STMF	5.06	1	ICBAMCL2ND	116.90	100	Fifth ICB	2,020.23	100
EBL1STMF	13.16	10	ICBEPMF1S1	10.18	10	Sixth ICB	770.29	100
GRAMEEN1	54.08	10	ICBISLAMIC	317.63	100	Seventh ICB	1,259.24	100
GRAMEENS2	18.83	10	First ICB	10,245.36	100	Eighth ICB	908.92	100
ICB1STNRB	383.67	100	Second ICB	2,906.09	100	TRUSTB1MF	11.34	10

## SELECTED DSE NEWS OF THE MONTH

DSE CODE	NEWS
1STBSRS	Bangladesh Development Bank Ltd. (BDBL) (former Bangladesh Shilpa Rin Shangstha) has informed that SEC vide its letter dated December 31, 2009 has given its consent to conduct the operations of First BSR Mutual Fund by BDBL instead of Bangladesh Shilpa Rin Shangstha (BSRS). It is to be noted here that Bangladesh Development Bank Ltd. (BDBL) is a newly formed government owned company after merger of Bangladesh Shilpa Rin Shangstha and Bangladesh Shilpa Bank as per recent decision of the Govt.
ABBANK	Bangladesh Bank has accorded its approval to AB Bank Limited's taking over of a further 30% shares in "Cashlink Bangladesh Limited", thereby raising its shareholding in the company to 60%.
AFTABAUTO	SEC has given consent to the company under the provisions of the Securities and Exchange Commission (Issue of Capital) Rules, 2001, for raising paid-up capital from BDT 324.74 mn to BDT 2,124.74 mn through issuance of 18 mn fully Convertible, 5% Dividend Preference Shares of BDT 100 each at par totalling BDT 1,800 mn only through Private Placement.
BDTHAI	The Board of Directors of the company has decided to issue up to 7.5 mn Fully Convertible, 5% Dividend, Preference Shares of BDT 100 each amounting to BDT 750 mn on the following terms and conditions subject to approval of the shareholders of the Company in their Extra-Ordinary General Meeting to be held on March 11, 2010 and SEC's consent to the aforesaid Preference Share Issue.
EBL	The Bank has obtained the clearance from Bangladesh Bank and got due diligence from ACNABIN, Chartered Accountant, to acquire 60% shares of LRK Securities Ltd. (Stock Brokerage House).
JAMUNAOIL	Jamuna Oil Company Ltd. has received Interim Dividend as Bonus shares of 26.31 mn against its investment to MJL Bangladesh Ltd. (formerly known as Mobil Jamuna Lubricants Ltd.). The face Value per share is BDT 10. MJL Bangladesh Ltd. in its 6 <sup>th</sup> EGM held on December 30, 2009 resolved that the company is hereby converted into a "Public Limited Company" from a "Private Limited Company" under section 231 of the Companies Act, 1994 subject to the approval of Regulatory Authorities.
NBL	The Bank has been awarded Primary Dealership (PD) license from Bangladesh Bank for trading Government Securities (i.e. Treasury Bill, Treasury Bond etc.) in the secondary market.
PEOPLESINS	SEC has approved the Right Offer Documents (ROD) of the company under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006, for issuance of 2 mn ordinary shares of BDT 100 each at an issue price of BDT 200 per share (including a premium of BDT 100 each) totalling BDT 400 mn only at a ratio of 1:1 i.e. one right share for each existing share.
PUBALIBANK	The Board of Directors of the Bank in principle has taken the decision to increase the Authorized Capital of the Bank from the existing BDT 5 bn to BDT 10 bn divided into 100 mn Ordinary Shares of BDT 100 each subject to obtaining permission from Bangladesh Bank and approval of the same by the Members (shareholders) of the Bank in the EGM in this behalf.
SALAMCRST	SEC has given consent to the company under the provisions of the Securities and Exchange Commission (Issue of Capital) Rules, 2001, for raising paid-up capital from BDT 533.448 mn to BDT 1,066.896 mn through issuance of 53,34,480 fully Convertible, 6% Dividend Preference Shares of BDT 100 each at par totalling BDT 533.448 mn only through Private Placement.
SANDHANINS	The Board of Directors of the company has decided to sign a Memorandum of Understanding (MOU) with Golden Bridge Company Limited, a reputed financial institute of Republic of Korea to form a Joint Venture (JV) company, "GBSL Investment Limited" (proposed), to operate in the area of Bangladesh capital market. SLIC will have 45% shareholding in the proposed JV Company.
SEC NEWS	SEC vide its Order no. SEC/CMRRCD/2006-157/10 dated 24.01.2010 has ordered the following in case of close-end Mutual Fund: a) The maximum tenure of the close-end Mutual Fund will not be more than 10 (ten) years and b) The close-end Mutual Fund having no maturity but has already completed a tenure of 10 (ten) years should be dissolved within December 31, 2011.
SEC NEWS	It has been observed with deep concern by the Commission that some people by using Facebook and other websites are posting different opinion related to capital market. This includes prediction of future price of the securities and which securities to buy or sale. These types of activities are against the relevant provision of securities law and are direct violation of Commission's notification No. SEC/SRMID/2001-1020-1055/Admin-03/01 dated September 12, 2001 as published in Bangladesh Gazette on October 04, 2009. The Commission has already started taking appropriate actions against the responsible person. The Commission is also requesting all concerned to refrain from such kind of activities. The Commission would like to inform all the investors that the objective of this type of activities is to allure investors and thereby influence the price of certain securities. The investors may suffer financial losses if they take decision on the basis of such rumour. All concerned are requested not to be influenced by such rumour and to kindly inform the Commission about such activities.
TAKAFULINS	Credit Rating Agency of Bangladesh (CRAB) has rated the company as "BBB3" in the long term and "ST-3" in the short term for the year 2009-2010 (June 2010) on the basis of the company's audited financial statements for 2008 and other relevant information.

## FINANCIAL GLOSSARY

<b>Law of one price</b>	An economic rule stating that a given security must have the same price regardless of the means by which one goes about creating that security. This implies that if the payoff of a security can be synthetically created by a package of other securities, the price of the package and the price of the security whose payoff it replicates must be equal. If it is unequal, an arbitrage opportunity would present itself.
<b>Leading economic indicators</b>	Economic series that tend to rise or fall in advance of the rest of the economy.

Source: Forbes.com

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## IDLC OFFICES AND BRANCHES

### **CORPORATE HEAD OFFICE**

Bay's Galleria (1<sup>st</sup> Floor)  
57 Gulshan Avenue  
Gulshan 1, Dhaka 1212  
Tel: +880 (2) 883 4990  
E-mail: mailbox@idlc.com

### **DILKUSHA BRANCH**

Eunoos Trade Centre  
Level 13, 52-53 Dilkusha C/A  
Dhaka 1000.  
Tel: +880 (2) 956 0111  
E-mail: mailbox@idlc.com

### **DHANMONDI BRANCH**

House # 39A,  
Road # 14A,  
Dhanmondi, Dhaka 1209  
Tel: +880 (2) 815 7632  
E-mail: idlcdhn@idlc.com

### **GULSHAN BRANCH**

Taj Marriot (1<sup>st</sup> Floor)  
25, Gulshan Avenue  
Dhaka 1212  
Tel: +880 (2) 988 7196  
E-mail: idlclgn@idlc.com

### **UTTARA BRANCH**

Monsur Complex (3<sup>rd</sup> Floor),  
Plot # 59/A, Road # 7, Sector # 4  
Uttara, Dhaka 1230  
Tel: +880 (2) 893 2487  
E-mail: idlcuttara@idlc.com

### **CHITTAGONG BRANCH**

Jahan Building 4, (G. F.)  
76/77 Agrabad Commercial Area  
Chittagong 4100  
Tel: +880 (31) 711 034  
E-mail: idlctg@idlc.com

### **BOGRA BRANCH**

Sairul Complex (2<sup>nd</sup> Floor),  
Sherpur Road, Sutrapur  
Bogra 5800  
Tel: +880 (51) 69917  
E-mail: idlcbogra@idlc.com

### **SYLHET BRANCH**

982 Dargah Gate  
Sylhet 3100  
Tel: +880 (4499) 190280  
E-mail: idlcsyl@idlc.com

### **MERCHANT BANKING DIVISION**

36, Dilkusha Commercial Area  
(13<sup>th</sup> Floor)  
Dhaka-1000  
Tel: +880 (2) 957 1842  
E-mail: mailbox@idlc.com

### **MERCHANT BANKING DIVISION CHITTAGONG BRANCH**

Jahan Building 4, (G. F.)  
76/77 Agrabad Commercial Area  
Chittagong 4100  
Tel: +880 (31) 711 034  
E-mail: idlctg@idlc.com

### **IDLC SECURITIES LIMITED**

36, Dilkusha Commercial  
Area (13<sup>th</sup> Floor)  
Dhaka 1000  
Tel: +880 (2) 957 1842  
E-mail: mailbox@idlc.com

### **IDLC SECURITIES LIMITED DOHS BRANCH**

House No. 109, Park Road  
Block A, New DOHS  
Mohakhali, Dhaka 1206  
Tel: +880- 666-230 1058  
E-mail: mailbox@idlc.com

### **IDLC SECURITIES LIMITED**

**GULSHAN BRANCH**  
Taj Marriot (1<sup>st</sup> Floor)  
25, Gulshan Avenue  
Dhaka 1212  
Tel: +880 (2) 988 7196  
E-mail: idlclgn@idlc.com

### **IDLC SECURITIES LIMITED CHITTAGONG BRANCH**

Ayub Trade Centre (5<sup>th</sup> Floor)  
1269/B Sk. Mujib Road  
Agrabad C/A  
Chittagong 4100  
Tel: +880 (31) 251 4051  
E-mail: mailbox@idlc.com

### **GAZIPUR SME BOOTH**

Rahmat Tower (2<sup>nd</sup> Floor)  
Holding No. 1034  
Outpara, Chandana,  
Joydebpur, Gazipur 1702  
Tel: +880 0173 2940969

### **IMAMGANJ SME BOOTH**

75 Midfort Road (2<sup>nd</sup> Floor)  
Imamganj  
Dhaka 1100  
Telephone: + 88 044 765 01278