

### **NPL & adequacy mismatch in NCBs**

A World Bank (WB) funded special audit of the nationalized commercial banks (NCB) has arrived at quite different figures from those of their own audits. The health of the NCBs is actually much worse than they realize or acknowledge. Scrutinizing the NCBs' balance sheets for 2002, the special audit has found a 50.8% NPL in Rupali Bank, which was reported as 30.5% by the bank's own audit. In case of Agrani Bank, the special audit puts NPL at 41.6% against the bank's claim of 35.3%, in Janata 37.4% against 29.7% and in Sonali 45% against 36%. Similar anomalies were detected in capital shortfall. The audit found Rupali to be suffering from a staggering capital deficit of Tk11.1b, while the bank's own audit shows it to be free of deficit with a positive capital of Tk0.7b. In case of Agrani the special audit calculated the deficit at Tk19.8b instead of Tk2b as claimed by the bank and in Janata Tk30.6b instead of Tk7.9b. While Sonali's own audit claims no capital shortfall, showing a Tk0.9b positive capital, the special audit dug out an abysmal deficiency of Tk90.9b. As part of the ongoing NCB reforms, the finance ministry (MoF) last year appointed four internationally affiliated chartered accounting firms as special auditors for each on the banks. They evaluated all loans of Tk10m and above for review. Meanwhile, an IMF review mission has picked up the mismatch and conveyed the findings to the BB and MoF. Back in 1998, another WB-funded special audit of the NCBs was conducted, which too detected major inconsistencies. The difference, however, is attributed by the NCBs to different set of standards used in the audit, one international and the other local and contextual.

### **Refinancing for SMEs at BB**

The Bangladesh Bank (BB) has introduced a re-financing scheme of Tk1.0b with its own fund for development of SMEs, effective from 02May04. Under it small entrepreneurs can avail credit facilities ranging between Tk0.2m and Tk5.0m from the banks and FIs. The lending agencies can enjoy refinancing facilities from the BB for the loans. The refinancing will be provided at the current bank rate (5%) for term loan and working capital support to SMEs. The banks and FIs will charge interests to the borrowers on the basis of relationship with respective clients. Entrepreneurs, who have fixed assets worth maximum Tk10m, will be eligible for the special credit facilities meant for the 'missing middle group', which are deprived of fund from both micro-financing institutions and conventional lending agencies like commercial banks.

### **Greenfield Lafarge now market cap leader**

The French-Bangla joint venture greenfield company Lafarge Surma Cement has become the leader of all issues listed with the DSE in terms of market capitalization. On 19Apr04 the company became top leader superseding blue-chip Square Pharmaceuticals, which occupied the top slot for a very short period only from 30Mar04 to 18Apr04. Earlier a multinational, the British American Tobacco Bangladesh (BATB) had been the traditional market leader for a long period. Lafarge went to the top with a market cap of Tk9,322m on average price of Tk160.53 per share. This accounted for 8.38% of the total market cap of the bourse. It, however, is not expected to declare any dividend within the next couple of years, but is trading at a premium.

### **Latest version of BAS launched**

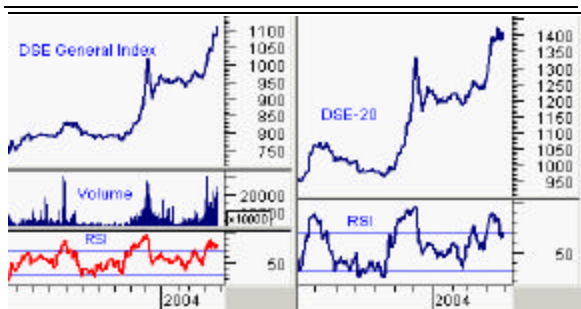
The Governor of Bangladesh Bank (BB) last week unveiled the cover of the latest version of the Bangladesh Accounting Standard (BAS), a compilation of 26 standards. BAS is based on the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and international best practices and is required to be followed in preparation of financial statements to ensure transparency and credibility. A seminar on "Managing Risks in Banking and Disclosures by Banking Companies in Annual Financial Statements," was organized by the Institute of Chartered Accountants of Bangladesh (ICAB) to mark the launching. It was opined at the seminar that the banking system is impaired by a web of weak balance sheets, weak demand from credit-worthy borrowers and excessive reliance on liquid asset-based lending. It was viewed that despite market reforms, such as the liberalization of interest rates, the government continues to encourage its own banks to lend to 'sick' industries, both parastatal and private. Some contradictions in the rules and regulations enforced by the BB and the SEC were also identified for immediate attention. The BB Governor called on the members of the ICAB to take the responsibility of complying with IAS in instilling sound corporate governance practices while making financial statements of the banking sector. The ICAB President informed that the institute has developed BAS based on international standards and the BB should make its compliance mandatory for banks and FIs.

### **DGEN cross over 1100 while DSE turns 50**

The Dhaka Stock Exchange (DSE) General Index reached its highest point Tuesday (27Apr04), the last working day of the week before long shut-down and holidays, since the introduction of the new price barometer two and a half years back. The index, popularly known as DGEN, rose to 1112.19 from 1090.38 on Monday. The index at one stage hit a peak level of 1114 on the day. The DGEN was introduced on 27Nov01, replacing the age-old 'All Share Price Index' with the base at 817.62. Market operators attribute the recent rally to comparatively better disclosures from the listed companies, especially the banking sector. Most banks will hold AGMs in next two months and are declaring good dividends. Besides, the gradual dematting to scrip-less form through the newly established central depository (CDS) is contributing to the confidence build-up. Four listed companies will come under CDS from 15May next. The SEC prepared a list of 13 companies declaring those suitable for initiating trading under the CDS in the first phase. Six of those have signed agreements with the CDBL. However, the basic weakness of the stock market in lack and supply of quality stocks, remain unchanged. Meanwhile, the DSE turned 50 on 28Apr04. It was incorporated this day in 1954 as the East Pakistan Stock Exchange Association Limited situated at the Narayanganj Co operative Building but started formal trading with 48 members from 1956. In 1958 it was shifted to Dhaka and in 1962 it assumed the current name of Dhaka Stock Exchange. After independence the DSE resumed operation only in 1976 with 9 listed companies having paid-up capital of Tk137.5m and went for automated trading from Aug98. The exchange now has 267 listed securities (including 248 companies) having paid-up capital of Tk47.61b.

This week's data runs from 22 April 2004 to 27 April 2004

## Stock Market Movement



	This Week	Last Week	+/- %
DSE General Index	1,112.19	1,086.42	2.37
Average Daily Turnover, Tk	201,258,990	158,587,319	26.91
Market Capital, Tk	114,795,020,288	112,166,964,330	2.34
Market PEx*	8.28		
Market PBR*	1.33		
Market EPS, Tk per Tk100*	33.36		
Market Dividend Yield, %	3.82		
1 Year Cap. Appreciation, %	16.72		

\* PE is based on latest reported data of listed companies which registered positive earning. PBR is based on latest reported book values. Companies with negative book value have been excluded. The companies earmarked as 'B' and 'Z' category by SEC have also been excluded from calculation. \*\*1 year Holding Period Yield

## Top Gainers

Company	Closing Price (Tk)			Avg. Daily Turnover, Tk
	This Week	Last Week	Change %	
Lafarge Surma	209.25	176.25	18.72	12,335,172
Apex Spinning	241.25	209.00	15.43	57,625
Savar Refractories	74.25	64.75	14.67	2,112
Delta Millers	77.00	67.50	14.07	269,411
Square Textile	57.80	51.30	12.67	201,578
National Tubes	1,196.50	1,064.75	12.37	873,135
First Lease Internatio	172.25	154.75	11.31	2,805,450
Usmania Glass Sh	1,097.50	992.75	10.55	1,393,218
Renata	1,638.00	1,485.75	10.25	563,199
Modern Industries	22.00	20.00	10.00	275

## Top Losers

Company	Closing Price (Tk)			Avg. Daily Turnover, Tk
	This Week	Last Week	Change %	
Prime Bank	320.50	417.25	-23.19	1,787,203
BGIC	350.25	377.50	-7.22	61,713
Green Delta Insur	764.25	820.25	-6.83	242,227
Al-Arafah Islami	1,731.25	1,851.00	-6.47	78,675
Saleh Carpet	1.60	1.70	-5.88	2,800
Sajib Knitwear	28.00	29.75	-5.88	32,556
Raspit Inc	1.70	1.80	-5.56	20,613
Amam Seafood	146.50	154.50	-5.18	1,668
GB JV Food	2.00	2.10	-4.76	21,250
Satndard Ceramic	122.50	128.50	-4.67	7,684

## Top Turnover Companies

Company	Closing Price (Tk)			Avg. Daily Turnover, Tk
	This Week	Last Week	Change %	
Lafarge Surma	176.25	209.25	18.72	12,335,172
Southeast Bank	280.75	288.75	2.85	9,903,547
Beximco Pharma	41.10	40.20	-2.19	7,924,295
Mercantile Bank Ltd.	259.50	263.50	1.54	6,957,853
Square Pharma	2,576.00	2,678.00	3.96	5,370,498
BATBC	152.30	151.10	-0.79	5,289,310
One Bank Limited	172.75	173.25	0.29	4,321,250
Islami Bank	3,173.75	3,110.25	-2.00	3,810,165
ACI	72.50	73.10	0.83	3,516,505
Mutual Trust Bank	223.75	234.75	4.92	3,072,631

## Technical Talk

### Market sky-rockets

The stock market is continuing with the upbeat rush and crossed the 1100 mark, first time after revision of the DSE General Index. Even with a two day shut down during the week, the average daily turnover gained by 26.91% and reached Tk201.25m against Tk158.58m of previous week at DSE. The market capitalization also increased by 2.34% to Tk114.79b (\$1.96).

During the period, the blue chip DSE-20 waned by 5.90 points (0.42%) closing at 1409.34 (base 1000 on January 01, 2000); but at the same time, DSE General Index (A & B Category) got boosted by 25.77 points (2.37%) to close at 1112.19.

Based on the daily charts of DSE movement, used to track short-term trends, the technical readings are as under:

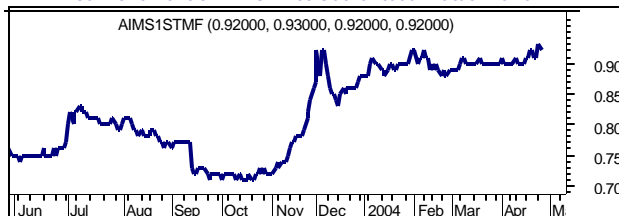
### Moving Average

The DSE General Price Index has stayed above both the 9-day and the 18-day moving average line.

### Relative Strength Index (RSI)

The RSI indicator is continuing with upward trend and stayed in the overbought area. Currently RSI is 82.33 and indicating a sell signal.

## Price Movement of AIMS First Guaranteed Mutual Fund



## Sector Indicators

Sectors	PE	PBR	EPS	DY %	Sector Index
					This Week
Agro Processing	17.73	3.42	22.66	5.64	147.73
Cement	2.8	1.1	12.23	2.25	234.02
Ceramics	12.58	0.88	11.13	11.13	68.9
Commercial Banking	6.85	1.47	32.95	2.71	168.51
Engineering	12.5	2.08	21.23	5.1	109.35
Fishery	9.05	0.5	2.06	5.67	67.48
Food Processing	12.51	0.49	2.11	5.73	63.82
Fuel and Power	11.78	2.04	98.52	2.36	149.25
General Insurance	14.24	1.6	24.45	4.45	157.05
Information and Comm.	11.61	1.46	10.94	3.85	167.11
Jute	10.12	0.32	24.07	3.22	94.42
Leasing	12.05	2.53	45.34	3.48	169.47
Leather	12.14	0.46	9.85	1.2	120.6E
Life Insurance		10.87	C	2.51	314.43
Miscellaneous	7.46	1.05	10.68	5.4	90.49
Mutual Funds	8.24	0.83	16.2	6.14	111.71
Paper and Printing	10.64	0.32	-13.87	10.17	51.89
Pharma and Chemical	9.4	1.82	50.95	4.02	130.23
Services and Real Estate	12.11	0.42	4.1	4.03	69.21
Textile	3.97	0.56	12.85	7.43	38.51

Based on latest reported year of listed companies. Companies, which did not hold AGM for last two years, and new companies yet to report audited accounts have not been included in the calculation of the indicators. Companies that registered negative earnings have been excluded from PE calculation and those that have a negative book value have been excluded from calculation of PBR. Base period Index is 100 as on Jan 01, 2001.

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## Recently Listed

Company	Subscription Period	IPO (M.Tk)	Private Placement (M.Tk)	Trading started on DSE on
First Lease International Ltd.	July 19-20, 2003	30	20	October 09, 2003
Khaza Mosaic Tiles and Stone Industries	March 09-10, 2003	10	15	October 30, 2003 at CSE
Agni Systems Ltd.	July 08-09, 2003	30	20	November 6, 2003
Standard Bank Ltd.	July 29-30, 2003	220	110	November 17, 2003
One Bank Ltd.	August 11-12, 2003	196.98	97.02	December 06, 2003
Lararge Cement Ltd.	Surma November 10-15, 2003	150	743.90	December 29, 2003
Bank Asia Ltd.	September 21-22, 2003	200	100	January 08, 2004
Jmi Bangla Co. Ltd	November 02-06, 2003	30	20	January 11, 2004 at CSE
Dairidil Computers Ltd.	October 07-12, 2003	45	30	February 15, 2004 at CSE
Mercantile bank Ltd.	October 21-22, 2003	213.19	106.575	February 17, 2004

## Initial Public Offering

Company	Subscription Period	IPO (M.Tk)	Private Placement (M.Tk)	Purpose of the issue
Jago Corporation Ltd.	July 08-09, 2003	20	20	Construction of factory and purchase of machineries

## Exchange Rate

	This Week		Last Week		Change %	
	T.T/O.D	BC	T.T./O.D	BC	T.T/O.D	BC
USD	59.4500	59.5000	59.0400	59.4500	0.69	0.08
EUR	71.2568	71.3167	71.1315	71.1914	0.18	0.18
GBP	106.7781	106.8680	106.0349	106.1242	0.70	0.70
AUD	44.3378	44.3751	44.0926	44.1297	0.56	0.56
JPY	0.5551	0.5556	0.5505	0.5510	0.84	0.83
CHF	45.9393	45.9779	45.7980	45.8365	0.31	0.31
CAD	44.3789	44.4162	44.1373	44.1745	0.55	0.55
HKD	7.6299	7.6363	7.6244	7.6308	0.07	0.07
SGD	35.1963	35.2259	35.2146	35.2442	-0.05	-0.05
AED	16.3181	16.3318	16.3039	16.3176	0.09	0.09
SAR	15.9790	15.9925	15.9656	15.9790	0.08	0.08

## Based on Standard Chartered selling rates to public in Taka.

Notes: USD-US dollar, GBP-Great Britain Pound, AUD-Australian Dollar, JPY- Japanese Yen, CHF-Swiss Franc, CAD-Canadian Dollar, HKD-Hong Kong Dollar, SGD-Singapore Dollar, AED-UAE Dirham, SAR-Saudi Riyal

## Book Closure

Name of the Company	Share transfer & Book closure		Year end	AGM Date	Dividend Pro. %
	From	To			
Dynamic Tex	26-04-04	16-05-04	09-02	16-05-04	5
Prime Bank	27-04-04	16-05-04	2003	16-05-04	20, 3B:7
SingerBd	27-04-04	10-05-04	12-03	10-05-04	30
EL Camellia	30-04-04	18-05-04	12-03	18-05-04	22
Al-arafa Islami	02-05-04	19-05-04		19-05-04	4B25
Reckitt Benckiser	13-05-04	27-05-04	06-03	27-05-04	30
Bank Asia	08-06-04	29-06-04	12-03	29-06-04	6B:25
Monno Staffler	10-06-04	24-06-04	12-03	24-06-04	20
Uttara Bank	16-05-04	14-06-04	12-03	14-06-04	50
Monno Fabrics	10-06-04	23-06-04	12-03	23-06-04	5
Eastland Ins	07-06-04	27-06-04	12-03	27-06-04	20
Kay & Que	18-06-04	28-06-04	12-03	28-06-04	10
Pioneer Ins	09-06-04	29-06-04	12-03	29-06-04	12
BATBCL	01-06-04	30-06-04	12-03	30-06-04	65
Islami Bank	19-08-04	17-09-04	12-03	17-09-04	1B:5
Saffko Spinnin	06-06-04	29-06-04	12-03	29-06-04	5
ACI	30-05-04	22-06-04		22-06-04	40
BGIC	30-05-04	28-06-04		28-06-04	20

## Corporate Announcements

- BATBC: cash dividend @65% for the year 2003. AGM will be held on 30 June 2004.
- Saffko Spinn: cash dividend @Tk.5% for the year 2003. AGM will be held on 29 June 2004.
- ACI: cash dividend @Tk.40% for the year ended 2003. AGM will be held on 22 June 2004.
- BGIC: cash dividend @ TK.20% for the year ended 2003. AGM will be held on 28 June 2004.
- IBN Sina: cash dividend @TK20 per share for the year 2003. AGM will be held on June 18, 2004.
- Reliance Insurance: cash dividend @Tk10 per share and stock dividend @50%(i.e. 1 Bonus share for every 2 shares) for the year 2003. AGM will be held on May 28, 2004.
- Kay & Que: cash dividend @TK10 per share for the year 2003. AGM will be held on June 28, 2004.
- One Bank: stock dividend @15% (15 bonus shares for 100 shares) for the year '03. AGM will be held on June 07 '04.
- Pioneer Ins: cash dividend @12% for the year ended 2003. AGM will be held on June 29, 2004.
- Islami Bank: stock dividend @20% (i.e. one Bonus Share will be issued against five existing shares) for the year 2003. AGM will be held on September 17, 2004.
- Eastland Insurance: audited accounts for the year ended as on Dec 31,2003 with net profit after tax of Tk15.72m, reserve and surplus of Tk78.73m as against Tk17.28m and Tk71.56m respectively as on Dec 31, 2002.
- Singer Bangladesh: audited accounts for the year ended as on Dec 31,2003 with net profit of TK129.28m and Reserve & Surplus of TK67.21m as against TK136.87m and TK80.78m respectively as on Dec 31, 2002.
- Monno Fabrics: audited accounts for the year ended as on Dec 31,2003 with net profit of TK09m, Reserve & Surplus of Tk (157.85) m as against Tk64.45m and Tk (200.55) m respectively as on Dec 31, 2002.
- Monno Stafflers: audited accounts for the year ended as on Dec 31,2003 with net profit of TK1.00m, Reserve & Surplus of TK5.21m as against TK0.88m and TK4.97m respectively as on Dec 31, 2002.
- Standard Bank: stock dividend @15% (i.e. 15 Bonus shares for every 100 shares) for the year 2003. AGM will be held on June 09, 2004.
- CMC Kamal: un-audited accounts for the year ended as on Dec 31,2003 with net profit after tax of TK18.08m, Reserve & Surplus of TK18.41m as against TK7.62m & TK0.33m respectively as on Dec 31, 2002.

## Top 20 Market Capital

Tk million

Lafarge Surma Cement	12,151	Bank Asia Ltd.	1,695
BATBC	9,066	Mercantile Bank	1,685
SquarePharma	6,695	Rupali Bank	1,684
Eastern Bank	3,148	Padma Oil	1,519
Singer Bangladesh	2,486	Square Textile	1,456
Bata Shoe	2,360	Glaxo Smith	1,452
BOC	2,255	Mutual Trust Bank	1,409
Prime Bank	2,244	Social Investment	1,388
Islami Bank	1,991	Heidelberg	1,251
Beximco Pharma	1,779	Pubali Bank	1,211

**Yawer Sayeed, Managing Director & CEO**  
**Wasiq al Azad, Head of Operations**  
**Laila Mahmuda Shiipi, Manager**  
**Gazi Afshana Banu, Executive Officer**  
**Zakia Rashid, Executive Officer**

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