

# Stocks rise on bright earnings data

STAR BUSINESS REPORT

Positive earnings results pushed stocks back to black yesterday as DSEX, the benchmark index of Dhaka Stock Exchange, rose 21.89 points or 0.45 percent to close at 4,797.17 points.

The index moved up slightly to close just below the 4,800 points mark, said LankaBangla Securities.

The financial sector showed strength as it released quarterly declarations, according to the stockbroker.

In the April-June quarter, some companies managed to show growth despite tough business conditions in the beginning of the year, which is helping restore market confidence, it said.

Turnover, another important indicator of the market, rose 11.1 percent to Tk 720.13 crore on transactions of 18.89 crore shares and mutual fund units.

Of the traded issues, 186 advanced and 103 declined with 29 securities closing unchanged.

Square Pharma dominated the turnover chart with 13.16 lakh shares worth

Tk 35.92 crore changing hands, followed by Lafarge Surma Cement, United Power Generation and Distribution Company, Beximco and Khulna Power Company.

Among the major sectors, cement gained 1.54 percent in market capitalisation, followed by telecom that increased 0.63 percent, non-banking financial institutions 0.56 percent, textile 0.5 percent and banks 0.1 percent.

Conversely, fuel and power stocks lost 0.12 percent in market capitalisation.

Standard Ceramic was the day's best performer with 10 percent gains, while Savar Refractories was the worst loser with a 6.73 percent fall.

Chittagong stocks rose yesterday with the bourse's benchmark index, CSCX, increasing 55.68 points to stand at 8,962.39.

Gainers beat losers as 150 advanced and 82 declined, while 28 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 1.57 crore shares and mutual fund units, generating a turnover of Tk 54.86 crore.

## LankaBangla Securities to raise Tk 200cr

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LankaBangla Securities, a leading stockbroker, has decided to raise Tk 200 crore by issuing non-convertible zero coupon bonds to meet the company's cash needs.

The stockbroker will sell the bonds at a 10.5 percent discount rate from their face value, and the maturity period will be three years.

"As our business is expanding, we need more working capital. That's why we have decided to raise the fund," said Mohammad Khairul Anam Chowdhury, chief executive officer of LankaBangla Securities.

As many as 25 institutions can purchase the bonds and each bundle of the bonds will be worth Tk 8 crore, he said.

A zero coupon bond is referred to as a pure discount bond or simply discount bond, where face value is the amount paid to bondholders at maturity. The term discount bond is used to refer to the method the bonds are sold by, with price being a discount from the face value instead of providing periodic dividends or interest.

The issuance of the bonds of LankaBangla Securities is, however, still subject to approval by the shareholders, Bangladesh Securities and Exchange Commission, and other regulatory authorities.

LankaBangla Securities is a 90.91 percent owned subsidiary of LankaBangla Finance, which is a non-bank financial institution listed since 2006.

On the Dhaka Stock Exchange yesterday, each LankaBangla Finance share traded between Tk 29.1 and Tk 30.8 before closing at Tk 30.5.

## NCC Bank gets new chair, vice-chair



SM Abu Mohsin

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SM Abu Mohsin and Sohela Hossain have been elected as chairman and vice chairman of NCC Bank, the bank said in a statement yesterday.

Mohsin is the immediate past chairman of Continental Insurance Company and a director of Central Hospital, according to the statement.

Currently, he is serving Chittagong Seniors' Club as president.

Sohela is a director of Mir Akter Hossain Ltd, Mir Cement Ltd, and Mir Concrete Ltd.

## Reliance Group's new CEO for oil, gas business

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Ashok Kumar Balyan has joined Reliance Group as chief executive for oil and gas business, the company said in a statement yesterday.

Balyan has been serving Petronet LNG managing director before joining Reliance Group, according to the statement.

He brings over four decades of experience in strategic planning, operations management, business development and human resources in oil and gas sector.

Balyan, who will be based outside Delhi, will lead Reliance Power's project to establish a 3,000MW LNG-based power plant and an LNG terminal at a cost of \$3 billion.

Reliance Group is owned by the Indian business magnate Anil Ambani.



## Islami Bank moves up in global ranking

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Islami Bank Bangladesh has moved 16 notches up to rank 954th in 2015 among the top 1,000 banks of the world by The Banker magazine of the UK.

The bank ranked 970th in 2014 and 1,000th in 2012, the bank said in a statement.

Besides, the bank has been ranked 70th, 250th, 791st and 785th considering return on capital, return on assets, capital assets ratio and amount of assets of the bank respectively, according to the statement.

The Banker, a premier publication in the global banking sector, conducts a rating of the top 1,000 global banks since 1790. The magazine publishes the list in July every year on the basis of data and evaluation of more than 5,000 leading banks from 163 countries, which is appreciated and recognised worldwide.

## Economic indicators to rise amid political calm: MCCI

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"The enhancement in OECD classification should lead to significant lowering of costs for Bangladesh's entrepreneurs and banks in securing guarantees and letters of credit confirmations," the chamber said.

"The country's sovereign credit risk would also be lower and it will get more respect from international creditors and investors."



MIDAS

Srinivas B Reddy, country director of ILO in Bangladesh, and ASM Mashi-ur-Rahman, managing director (acting) of Micro Industries Development Assistance and Services (Midas), attend the signing of an agreement at the ILO office in Dhaka yesterday. Midas will train trainers of partner organisations of ILO's Bangladesh Skills for Employment and Productivity project.



STANDARD BANK

Gulzar Ahmed, managing partner of Apan Jewellers, Bappi Das, manager, and Sharif Zahurul Islam, head of card division at Standard Bank, pose during an agreement signing event recently. The bank's VISA cardholders and employees will get 30 percent discounts on diamond jewellery at Apan Jewellers.

## Russian economy decline slows, but recovery elusive

REUTERS, Moscow

The sharp decline in Russia's economy may have almost run its course, official data showed on Tuesday, slowed by a huge devaluation of the rouble and heavy government spending on anti-crisis measures.

Recovery prospects are cloudy, however, with many analysts warning of a sluggish rebound at best.

The economy has slumped as a result of Western sanctions linked to the Ukraine conflict and last year's collapse in the price of oil. But the decline now appears to be arrested.

While gross domestic product continued to decline in year-on-year terms in June - down 4.2 percent compared with 4.8 percent in May - seasonally-adjusted output fell just 0.1 percent month-on-month.

The figure tallies with other recent data, leading analysts to conclude the decline is close to a bottom - a silver lining to data which still show most macroeconomic indicators sharply down compared with a year earlier.

"It is kind of premature to speak about the recovery in sequential terms, which actually lies ahead," said Alexander Isakov, economist at VTB Capital in Moscow. "But in terms of year-on-year comparisons - the headline figure that everybody focuses on - we are bottoming out."

Uncertainty about the pace of any recovery is reflected in official forecasts, which present sharply divergent views.

The Economy Ministry predicts the economy will grow by 2.3 percent next

year after a 2.8 percent decline this year. In contrast, Russia's central bank sees the economy growing by only 0.7 percent next year after declining 3.2 percent this year.

Economists polled by Reuters expect 0.5 percent growth next year after a 3.5 percent contraction this year.

Optimists emphasise the huge boost to competitiveness caused by the devaluation of the rouble, which has declined by 40 percent against the dollar over the last year.

While the initial impact of the rouble decline was to boost inflation, cutting into consumer spending, there is little sign of it becoming entrenched through higher wages. Nominal wage growth - 7 percent in June - has been running at less than half the headline inflation rate of 15.3 percent.

The resulting cut in labour costs means that these are now comparable to China's, analysts at Renaissance Capital say, boding well for competitiveness.

Evidence that the devaluation has played a key role in arresting the economic decline is provided by data on industrial profitability and wages, which shows sectors producing tradable goods strongly outperforming, VTB Capital's Isakov said.

"In terms of timing, and judging by the other indicators, we are closely following the path of the recovery of the previous crisis," he said.

Previous Russian economic crises in 1998 and 2008 were both followed by quick recoveries, with devaluations of the rouble playing a key role each time.

But some analysts are sceptical about this policy's effectiveness in the

## BB bars traditional banks from Islamic banking

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BB data shows the ROA of the Islamic banking industry was 0.8 percent in 2014 compared to the overall banking industry's 0.7 percent.

The ROE of Islamic banks stood at 11.5 percent, which is higher than the industry average -- 8.1 percent.

"Islamic banks practise need-based banking modelled on risk-sharing. Also, our investments are highly supervised," said MA Mannan, managing director of Islami Bank Bangladesh Ltd (IBBL), explaining the reasons behind the growth of Islamic banks.

Kazi Akram Uddin Ahmed, chairman of Standard Bank, was surprised to learn about the BB restriction as many western countries are adopting and expanding Islamic financing.

"I don't know why we are not getting the permission to run as an Islamic bank. We have applied for the permission more than two years ago," Ahmed said.

Top officials of IFIC, Jamuna, NCC and Southeast banks echoed the same.

## ADP target missed again

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For instance, a few days back a proposal was sent to him for revision. The project was taken up in 2006 and was scheduled to be complete by 2010, he said.

The revision proposal was rejected, and the planning ministry identified 100-125 such projects, where only 1 to 3 percent of the allocations have been spent.

Such projects would be taken out of the ADP schedule, the planning minister added.

## India to reinstate wheat import duty after big deals

REUTERS, New Delhi

India has decided to introduce an import duty of 10 percent on wheat after a gap of eight years, government sources said on Monday, after senior civil servants met to discuss ways to curb overseas purchases when domestic stocks are ample.

Last month some private firms signed deals to import 500,000 tonnes of high-protein Australian wheat in the biggest such purchases in more than a decade that led to criticism Prime Minister Narendra Modi's government was letting down farmers.

India is the world's second largest wheat producer and consumer after China, and its warehouses often hold double the target amount as farmers get more incentives to produce grains than oilseeds and pulses, which it imports heavily.

Top officials from the ministries of farm,

food, trade and finance have now agreed to bring in a duty for the first time since 2006 to cut imports, said a high-level source directly involved in making the decision on the duty.

Another official involved in the discussions confirmed the meeting and its outcome.

The senior source said the duty is all but finalised, but did want to comment in public as it needs to pass through by Modi's office. A spokesman for Modi could not be reached for comment outside regular business hours.

India was forced to import millions of tonnes of expensive wheat from Russia and Australia in 2006/07 after unusually high temperatures wilted its own crop.

Since then, bumper crops have made India an occasional exporter though production fell 5.1 million tonnes to 90.8 million tonnes this harvesting season - the first fall since 2007 due to unseasonable rains in February and March.

## Broadband users may get faster internet

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The government then upgraded the minimum broadband speed to 512Mbps and later to 1Mbps in 2013.

Joy also asked Bangladesh Submarine Cable Company Ltd or BSCCL to bring the bandwidth price down to Tk 200-Tk 300 per Mbps if possible.

BSCCL decided to cut wholesale bandwidth prices to Tk 560 from the current effective price of Tk 920 per Mbps two weeks ago. The reduced price will be effective in August.

"We have been asked to further reduce the bandwidth prices," Md Monwar Hossain, managing director of BSCCL, told The Daily Star after the meeting.

Expressing dissatisfaction over internet speed and quality, Joy said the government would soon move to provide 1Mbps internet connections at union levels across Bangladesh.

He also advised Bangladesh Telecommunications Company Ltd to expedite the fibre-laying process at union levels to complete it within the current government's tenure.

The market is already saturated for mobile operators in terms of accessibility as there are some 12.6 crore active SIMs, leaving a narrow growth margin for Teletalk, he said.

The state-run mobile operator also needs a proper market survey before launching any new initiative, he added.

"If possible, partnerships with top operators should be looked into," Joy told Teletalk officials.

Md Faizur Rahman Chowdhury, telecom secretary and chairman of all five state-owned telecom companies, also attended the meeting along with other senior officials of the Prime



NRBCB

Farashat Ali, chairman of NRB Commercial Bank, opens the bank's 31st branch on KDA Avenue in Khulna yesterday. Dewan Mujibur Rahman, managing director of the bank, was also present.



HP

Vijay Balan, managing director for Hewlett Packard Enterprise Group, Asia Emerging Countries, and Mohammad Ismail, country manager for HP Enterprise Group, Bangladesh, pose during the HP Tech Symposium held in Dhaka recently.

## Maruti Suzuki Q1 profit jumps 56pc

REUTERS, New Delhi

Maruti Suzuki India Ltd, India's top-selling carmaker, said on Tuesday first-quarter net profit rose 56 percent helped by lower costs, favourable foreign exchange rates and higher sales, but still missed bullish analyst estimates.

Maruti, controlled by Japan's Suzuki Motor Corp, said profit for the April-June quarter was 11.9 billion rupees (\$185.94 million), up from 7.6 billion rupees in the same period a year earlier. Analysts had expected a profit of 12.35 billion rupees, according to Thomson Reuters I/B/E/S.

Net sales rose about 18 percent to 130.8 billion rupees, the company said, as India's car trade continues to grow. India is expected to become the world's third-largest car market by 2020, moving up three places.

"During the quarter, higher volumes, cost reduction efforts, lower sales promotion expenses, and favourable foreign exchange helped improve the performance," the company said in a stock exchange statement.