

BAPLC

QUARTERLY BULLETIN

Inaugural Issue

July - September 2024

**A Roadmap to the Development of
the Capital Market of Bangladesh**



**BANGLADESH ASSOCIATION OF
PUBLICLY LISTED COMPANIES**



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BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Gulshan Palladium (5th Floor, Flat: 5D), House: C-1, Road 95, Gulshan 2, Dhaka 1212, Bangladesh.

www.baplc.org

History of BAPLC

In the back-drop of the 1996 fall-out and the chaotic conditions that followed in the Capital Market, a group of representatives of the leading issuers (PLCs) decided to form an Association of the PLCs. This they did with the aim of protecting their interests and that of the investors through continuing and collective efforts for bringing about a disciplined stock-market by coordinating with the Regulators, Intermediaries, Investors and the PLCs themselves. The Association obtained a License from the Ministry of Commerce on July 27, 1999 and it was incorporated on August 30, 1999 under Section 28 of the Companies Act, 1994. Since then, the Association has been striving to create conditions to ensure dynamism and transparency in market operations. This endeavor would encourage both the investors and the issuers for sustainable demand and supply of securities in the market.



The following persons whose names and addresses are subscribed herein, were desirous of being formed into an Association in pursuance of the Memorandum of Association:

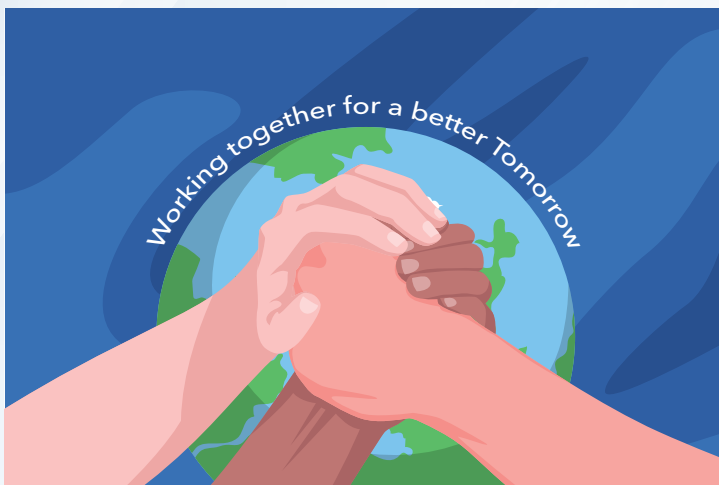
Sl. No.	Name of the Subscribers	Name of Company
01	Mr. Samson H. Chowdhury	Chairman Square Pharmaceuticals Ltd.
02	Mr. Syed Manzur Elahi	Chairman Apex Tannery Limited
03	Mr. M. Anis Ud Dowla	Chairman & Managing Director ACI Limited
04	Maj. Gen. Amjad Khan Chowdhury (Retd.)	Chief Executive Agricultural Marketing Co. Ltd.
05	Mr. Syed Mohsen Ali	Managing Director Modern Industries (Bangladesh) Ltd.
06	Mr. A.K.M Rafiqul Islam	Managing Director Pragati Insurance Limited
07	Mr. M. A. Awal	Chairman & Managing Director Prime Textile Spinning Mills Ltd.
08	Mr. Mubarak Ali	Managing Director Olympic Industries Ltd.
09	Mrs. Rokeya Quader	Chairman Desh Garments Limited
10	Mr. M. Shamsur Rahman	Managing Director Stylecraft Limited

Sl. No.	Name of the Subscribers	Name of Company
11	Dr. A.B.M. Haroon	Managing Director Samorita Hospital Ltd.
12	Mr. Md. Rafiqul Haque	Director Tallu Spinning Mills Ltd.
13	Mr. M. Aminul Islam	Managing Director Industrial Development Leasing Companies of Bangladesh
14	Mr. Manzurul Islam	Chairman Eastern Housing Limited
15	Mr. A.K.M. Mainul Islam	Managing Director Quasem Drycells Limited
16	Mr. Mahbub Jamil	Chairman & Managing Director Singer Bangladesh Limited
17	Mr. S. H. Kabir	Chairman Renata Limited
18	Mr. Salman F. Rahman	Vice-Chairman Beximco Pharmaceuticals Ltd.
19	Mr. Latifur Rahman	Chairman & Managing Director Bangladesh Lamps Ltd.

About BAPLC

Bangladesh Association of Publicly Listed Companies (BAPLC) is the only organization representing the publicly listed companies in Bangladesh. The main objectives of BAPLC, inter alia, are to promote, protect and safeguard the interest of listed companies, foster ideas of co-operation and mutual help amongst the members, aid and stimulate the development and encourage the Listed Companies in Bangladesh.

As provided in the Memorandum of the Association, BAPLC is to take all steps by lawful means as necessary for promoting, supporting or opposing a legislation or any other action affecting the interest of Listed Companies, and in general to take initiative to secure and safeguard the interest of its members in all respects.



VISION

Endeavoring for bringing in an orderly capital market by protecting the interest of listed companies and the stakeholders that would encourage both the investors and the issuers for sustainable demand and supply of securities in the Market.



MISSION

- ◆ To promote, protect and safeguard the interest of Listed Companies and foster ideas of co-operation and mutual help amongst members, aid and stimulate the development and encourage the Listed Companies in Bangladesh.
- ◆ To counsel, co-operate and co-ordinate in the corporate activities of Listed Companies and generally to set guidelines for common external responses.
- ◆ To promote and safeguard the economic interest of its members through exchange of information, adoption of equitable forms of contacts and to promote the commerce, industry, science and art in all its branches.
- ◆ To participate in matters of interest relating to the Listed Companies by sending delegates and advisers to various bodies, Government or public, dealing with or interested in such matters.

Current Executive Committee

President



Mrs. Rupali Haque Chowdhury
Managing Director
Berger Paints Bangladesh Ltd.

Vice President



Mr. Syed M. Altaf Hussain
Director
Pragati Life Insurance Ltd.

Executive Committee Members



Mr. Mohammed Younus
Vice Chairman
Shahjalal Islami Bank PLC.



Mr. Abdullah Al Mahmud
Managing Director
Hamid Fabrics Ltd.



Mr. Syed Farhad Ahmed
Managing Director & CEO
Aamra Networks Ltd.



Mr. Manzurul Islam
Chairman
Eastern Housing Ltd.



Mr. Md. Kyser Hamid
Managing Director & CEO
Bangladesh Finance Ltd.



Mr. Gulam Rabbani Chowdhury
Director
Baraka Power Ltd.



Mr. Md. Apel Mahmud, ACII(UK)
Managing Director & CEO
Fareast Islami Life Ins. Co. Ltd.



Mr. Monzur Kadir Shafi
Managing Director
Baraka Patenga Power Ltd.



Mr. Kazi Inam Ahmed
Managing Director
Gemini Sea Food PLC.



Mr. Zeyad Rahman
Director
Delta Life Insurance Co. Ltd.



Mr. Shahriar Ahmed
Managing Director
Apex Foods Ltd.



Mr. Adib Hossain Babul
Director,
National Feed Mill Ltd.



Mr. Tajwar Muhammed Awal
Director
Pragati Insurance Ltd.



Mr. Mohammad Abdullah Al Mamun FCS
Company Secretary
Eastern Bank PLC.



Mr. Md. Sharif Hasan FCS, LL.B
Director-Regulatory Affairs &
Company Secretary
Unique Hotel & Resorts PLC.



Mr. Md. Noor Hossain Khan
Deputy General Manager
Titas Gas Transmission &
Distribution Co. Ltd.



Mr. Manir Hossain
Company Secretary
Daffodil Computers Ltd.



Mr. Muhammad Aminur Rahman LL.M FCS
Company Secretary
Rangpur Foundry Ltd.



Mr. Sk. Md. Sarfaraz Hossain ACS
Company Secretary
Peoples Insurance Co. Ltd.

Secretary General



Mr. Md. Amzad Hossain

Roll of Honour

Past Presidents

01.	Mr. Samson H. Chowdhury	Founder President	Term: 1999-2009
02.	Mr. Salman F. Rahman	President	Term: 2010-2011
03.	Mr. Tapan Chowdhury	President	Term: 2012-2015
04.	Mr. Muhammed Aziz Khan	President	Term: 2016-2017
05.	Mr. Azam J. Chowdhury	President	Term: 2018-2021
06.	Mr. M. Anis Ud Dowla	President	Term: 2022-2023

Past Vice Presidents

01.	Mr. Syed Mohsin Ali	Founder Vice President	Term: 1999-2000
02.	Mr. A.K.M. Rafiqul Islam	Vice President	Term: 2001
03.	Mr. Syed Manzur Elahi	Vice President	Term: 2002-2009
04.	Mr. A.K.M. Azizur Rahman	Vice President	Term: 2010-2011
05.	Mr. Mohammed Younus	Vice President	Term: 2012-2015
06.	Mr. Anis A. Khan	Vice President	Term: 2016-2019
07.	Mr. Riad Mahmud	Vice President	Term: 2020-2021
08.	Mr. Syed Nasim Manzur	Vice President	Term: 2022-2023

A welcome message from the Editor



It is with profound pleasure and anticipation that we celebrate the inauguration of the BAPLC Quarterly Bulletin (BQB) with this first issue. On behalf of the Editorial Team, I would like to extend a very warm welcome to the readership. I take this opportunity to thank our authors, editors and reviewers, all of whom have volunteered to contribute to the success of the publication.



You are aware that The Bangladesh Association of Publicly Listed Companies (BAPLC) is the only organization to represent the publicly listed companies in the capital market of Bangladesh. The main objectives of BAPLC, inter alia, are to promote, protect and safeguard the interest of listed companies, foster ideas of co-operation and mutual help amongst the Members, aid and stimulate the development and encourage the Listed Companies in Bangladesh.

The Association has decided to rapid dissemination of high quality research papers containing contemporary and significant information relating to the capital market, current capital market scenario, statistics, sector wise growth of listed companies and the state of the country's current economy amongst the stakeholders.

Resource persons from amongst the business community, renowned economists, capital market analysts, researchers are heartily welcome to transmit their articles to the editorial board for publishing in the forthcoming issues. We believe that the publication will be beneficial for the existing investors, and also for the probable investors in making their future investment plans, and also believe that bulletin will be a bridge between the capital market and the investors.

It is a matter of pride for us to have highly regarded editorial board members from renowned institutions.

We aim to ensure the best standards of quality of the manuscripts that will be incorporated in the Bulletin. With every issue, our efforts will be continued to improve the standards.

In conclusion, I would like to extend a very warm welcome to the readers of BQB, again and hope you will join us as authors and reviewers in future.

Anis A. Khan

Editorial Board

Anis A. Khan

Rupali Haque Chowdhury

Kyser Hamid

Adib Hossain Babul

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Message from the President

Dear Leaders of Member Companies, Colleagues, and Stakeholders,

Greetings from the Bangladesh Association of Publicly Listed Companies (BAPLC)! We are delighted to present the first edition of the BAPLC Quarterly Bulletin (BQB) and share this exciting milestone with you.

As many of you know, BAPLC is the sole organization representing publicly listed companies in Bangladesh. We strive to unite these companies on a unified platform to safeguard the interests of issuers and investors. Our collective efforts aim to foster an orderly stock market by coordinating with regulators, intermediaries, investors, and publicly listed companies. The Ministry of Commerce has made membership in our Association compulsory for all listed companies.

The decision to publish this quarterly bulletin comes from the Executive Committee of BAPLC (2024-2025) and aims to disseminate crucial information regarding the capital market and the broader economy. This publication will serve existing stakeholders, potential investors, regulators, researchers, and senior executives with articles that explore the current and prospective landscape of Bangladesh's capital market while drawing comparisons with other markets and highlighting the macroeconomic scenario.

We are proud to have a distinguished editorial board led by renowned banker Mr. Anis A. Khan, whose expertise ensures the quality of our content.

I extend my heartfelt appreciation to the members of the Editorial Board, article writers, members of the BAPLC Executive Committee, the BAPLC Secretariat, and our sponsors for their invaluable support in making this publication a success. I would also like to thank the BSEC, DSE, CSE, and all listed companies for their unwavering cooperation.

We hope that our relationships with various stakeholders will be further strengthened through the exchange of ideas and information in this bulletin.

BAPLC remains committed to playing a significant role in fostering a conducive atmosphere in the capital market and ensuring sustainable conditions in Bangladesh's stock market.

Thank you,

Rupali Haque Chowdhury

Khondoker Rashed Maqsood

Chairman
Bangladesh Securities and
Exchange Commission (BSEC)



Message of Felicitation

It is my immense pleasure and glad to hear that the Bangladesh Association of Publicly Listed Companies (BAPLC), the apex body of the companies listed with the stock exchanges in Bangladesh, is going to publish quarterly based bulletin with the aim of disseminating the information of Capital Market along with the contemporary scenario of the economy among the stakeholders.

Capital market around the world is the provider of long-term finance to the industries and infrastructure development. Such long-term financing is considered to be suitable for their development and growth. Investors provide the funding as investment to their securities, and enjoy the benefits of dividend, and capital gain through liquidity generation in stock exchanges.

I congratulate the Association of listed companies for its praiseworthy initiative of publishing quarterly bulletin and hopefully that the bulletin will be helpful to attract the attention of fresh investors and also able to restore the confidence of the investors.

I thank you all relating to the publication, wishing the great success of publication and the Association listed companies as well.

A handwritten signature in black ink, appearing to read 'Khondoker Rashed Maqsood', with a long, sweeping underline.

Khondoker Rashed Maqsood

A.G.M Sattique Ahmed ShahManaging Director (Acting)
Dhaka Stock Exchange PLC*Message of Felicitation*

Dhaka Stock Exchange PLC (DSE), the premier and oldest bourse of the country, has been leading the market with around 94% of total capital market turnover. DSE has been contributing to the country's industrialization, infrastructure development, and overall economic growth since its inception. In line with the global trend and a vision to be a leading stock exchange in the region, DSE transformed into a demutualized exchange in 2013.

I am delighted to know that the Bangladesh Association of Publicly Listed Companies (BAPLC) is going to publish a quarterly bulletin that will contain contemporary information on the capital market, current capital market scenario, statistics, sector-wise growth of listed companies, and the scenario of country's current economy, etc. I think the publication will be beneficial for the stakeholders of the capital market and existing investors and will also facilitate the probable domestic and foreign investors in making their plans to invest.

I congratulate the BAPLC for its visionary initiative of publishing a quarterly bulletin and believe that bulletin will make a bridge between the capital market and the investors.

I thank you all relating to the publication, wishing the great success of the publication and the Association listed companies as well.

A handwritten signature in black ink, appearing to read 'Sattique', written in a cursive style.

A.G.M Sattique Ahmed Shah

M. Shaifur Rahman Mazumdar, FCA, FCMA

Managing Director
Chittagong Stock Exchange PLC



Message of Felicitation

I am very delighted to know that the Bangladesh Association of Publicly Listed Companies (BAPLC), the only organization to represent the publicly listed companies in capital market in Bangladesh, is going to publish quarterly bulletin with a view to disseminating the information of capital market as article, sector wise growth of listed companies, scenario of country's current economy etc. I think the publication will be beneficial for the stakeholders of the capital market, existing investors and will also be facilitating for the probable investors of domestic and foreign in making their plans to invest.

I would like to take this opportunity to inform investors and all stakeholders of capital market that CSE is actively working to implement derivatives for the first time in Bangladesh Capital Market. We believe initiatives of BAPLC will help a lot in preparing market for derivatives trading.

I congratulate the BAPLC for its visionary initiative of publishing quarterly bulletin and believe that the bulletin will be helpful for the stakeholders and the investors.

I thank you all relating to the publication, wishing the great success of publication and the Association listed companies as well.



M. Shaifur Rahman Mazumdar, FCA, FCMA

Arif Khan, CFA, FCMA

Vice Chairman
Shanta Asset Management

Kazi Monirul Islam, CFA, CMT

Chief Executive Officer
Shanta Asset Management

A Roadmap to the Development of the Capital Market of Bangladesh

ABSTRACT

The capital market of Bangladesh is in its nascent stage, and trails behind other neighboring countries. With a market capitalization to GDP ratio of only 6.5%, Bangladesh lags substantially behind India (107.9%), Malaysia (93.1%), and Singapore (112.5%). Whereas in 2015 the ratio stood at 18%, the figure has experienced a gradual decline to less than 7% by 2024. India's market, on the other hand, has seen robust growth, with the ratio almost doubling in the past decade.

One of the core reasons behind this is the lack of good quality companies coming for IPO. Very little fund was raised from the stock market compared to bank loan disbursement. In the last 9 years, fund raised from the stock market was less than 1% of the total fund raised in the economy, with 99% raised from the banking sector. From the issuer's perspective, they believe the current valuation model does not accurately portray the true potential of their business. Sometimes, the regulator in Bangladesh is conservative and favors keeping the IPO price low compared to the company's potential valuation. There is a perception among various stakeholders that the price should only go up after an issue, and that the sign of a good capital market is a rising index. Any price drop is also heavily circulated by the media, further exacerbating the negative perception of the capital market. Another core issue is the elongated time frame to come to IPO. Companies prefer to go for bank loans that can be obtained within 2-3 months instead of going for IPO, which can take up to 6-8 months. There are also additional logistical issues in going for an IPO, with many companies believing that the hassle required to produce the many disclosures is not worth the benefits. With only a 5% differential in tax rates for going through listing, the tax incentives are also minimal.

On the other hand, our stock market is retail investors focused which increases the market volatility. Our mutual fund industry significantly lags with an AUM of only USD 0.9 billion, compared to India's USD 776 billion. The reasons for this gap are manifold. Asset Management Companies are subject to numerous restrictive asset allocation regulations that hamper their potential to realize returns for their clients. Furthermore, there are not enough fiscal incentives to attract investors. For example, tax rebates are capped for mutual funds whereas investment in the stock market directly has no such cap. Institutional investors such as banks, life

insurance, and provident funds don't have sufficient scope to invest in mutual funds as per existing laws.

We identified 9 major focus areas that need to be addressed immediately to improve the stock market performance. These are:

1. Reforms in Market Ecosystem & Broaden Stakeholder Mindset
2. Resolve IPO Market issues to attract good companies
3. Increase institutional investment through popularizing Mutual Funds
4. Enhance Disclosure & Auditing Quality
5. Establish a vibrant bond market
6. Robust Surveillance & Timely Enforcement
7. Enhance engagement of Stock Exchange
8. Analyst and Expert's ability to publish "Equity Research Report" to counter rumors
9. Review Margin loan rules & practices

To reform the capital market, one of the first steps should be to ensure a strong governance structure in corporate Bangladesh. The surveillance structure should be improved, with violations being investigated and penalized within 90 days of the event. The financial reporting and audit quality should also be improved, with the other stakeholders having greater faith in the papers of the company. Dhaka Stock Exchange (DSE) could play a greater role as a Self-Regulatory Organization (SRO) in ensuring the overall governance of the market as its experienced personnel have a good understanding of the dynamics of the market.

From a market ecosystem perspective, the regulator's major focus should be improving the regulatory environment and policymaking, instead of engaging with index performance. Institutional participation should be emphasized more than retail participation as they have the expertise to assess the market and the financial breadth to absorb shocks in the market. Analysts should be able to publish company research findings and recommendations like other well-performing markets. Besides these, other crucial steps that could be taken to revive the market include - improving the IPO bidding process, updating IPO valuation methods, and updating margin loan rules & practices. With these measures, Bangladesh could see significant growth in its capital

market, providing new avenues for fundraising and investment.

Overall, the regulator may take the initiative of discussion with the market intermediaries and professional bodies to prepare a 'Roadmap Divided into deliverables in the short term (1 year), mid-term (within 3 years), and long term (within 5 years). This will help us engage every major stakeholder and keep us focused on our goals to develop the Bangladesh Capital Market.

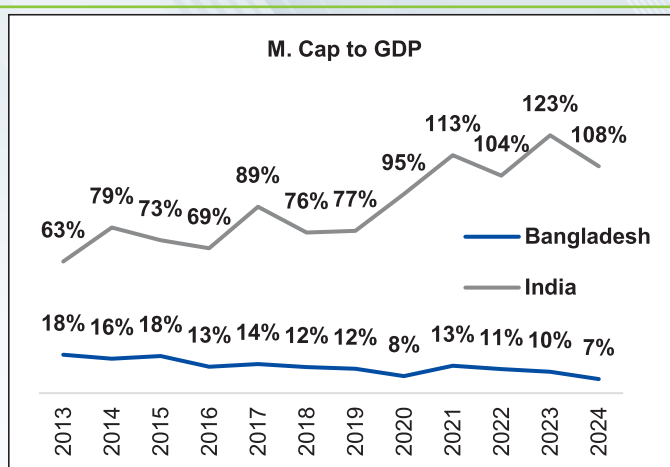
A. AN OVERVIEW OF THE MARKET

The Bangladesh capital market is currently in its nascent stage. If we compare the market capitalization to GDP ratio with other neighboring regions, we can see that Bangladesh is trailing behind. The table below illustrates this, with countries such as India, Malaysia, and Singapore seeing around 100% market capitalization-GDP ratio. Bangladesh, on the other hand, has one of the lowest ratios in the region, at only 6.50%.

Country	M. Cap to GDP
Bangladesh	6.5%
India	107.9%
Sri Lanka	22.3%
Malaysia	93.1%
Singapore	112.5%

Source: DSE and Gurufocus database

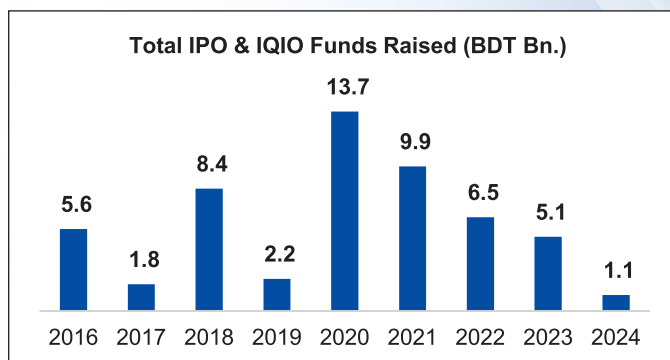
If we see the trend of market capitalization to GDP ratio of Bangladesh, it is evident that the capital market situation has been in decline for several years. Whereas in June 2015, the ratio was 18%, that figure declined to less than 7% by 2024. The Indian capital market experienced contrasting fortunes. The ratio rose from 63% in 2013 to 123% by 2023. This highlights that while India has been able to rapidly reform its capital market and attract foreign investment, Bangladesh has fallen behind.



Source: BSEC, DSE, BB and Shanta Capital Market Research

PRIMARY MARKET (IPO)

While IPOs have existed in Bangladesh since the existence of the capital market itself, it is still a largely underexplored option for fundraising. Very few large corporations have made their way into the capital market. Over the past nine years, an average of BDT 6 billion has been raised annually through IPO. The chart below illustrates the amount of funds raised through IPOs during this period:



*For the covered period, BDT 52.9 bn of total IPO fund was raised.

Source: BSEC, DSE and Shanta Capital Market Research

To understand the funding scenario in Bangladesh in more depth, we have compiled the loan disbursements from the country's major 3 banking institutions for the period 2021-2023. We can see that the IPO market raised on average BDT 6 billion annually whereas BRAC Bank in 2023 alone disbursed more than BDT 108 billion in loans.

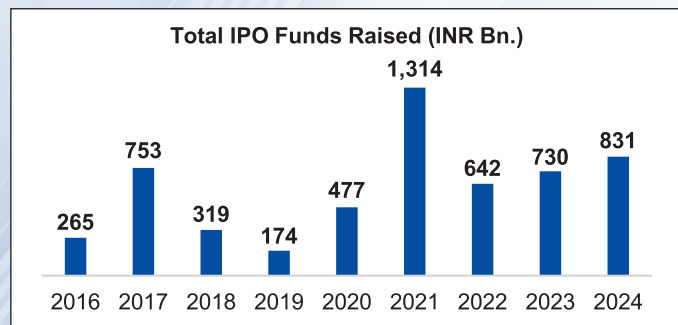
Bank	Loans Disbursed (in BDT bn.)		
	2021	2022	2023
City Bank PLC	18.2	68.4	41.3
Eastern Bank PLC	40.5	39.1	43.4
BRAC Bank PLC	48.1	89.5	108.8

Source: Annual Reports of respective Banks

Comparison with India

To study how the fund-raising figures, compare with neighboring regions, we have gathered the corresponding figures for India, a market that has seen a boom in IPO fundraising over the last few years.

The graph below highlights the IPO funds raised by Indian issuer companies in the period 2016-2024.



*The data in the table accounts for all types of IPO allowed under the Indian regulations, namely Offer-for-Sale (OFS), Fresh Issue and Hybrid.
Source: Chittorgarh database

To compare the data on a relative basis, we have considered the ratio of IPO fund-raising to GDP figure. Comparing the ratios, we can see that Bangladesh should have at least a 16x larger IPO market fund-raising size to be on an even scale with India.

Year	India: IPO to GDP Ratio	Bangladesh: IPO to GDP Ratio
2016	0.192%	0.033%
2017	0.490%	0.009%
2018	0.187%	0.037%
2019	0.092%	0.008%
2020	0.241%	0.043%
2021	0.655%	0.028%
2022	0.271%	0.016%
2023	0.267%	0.011%
2024	0.276%	0.002%
Weighted Average	0.296%	0.019%

Source: Chittorgarh database, BSEC, DSE and Shanta Capital Market Research

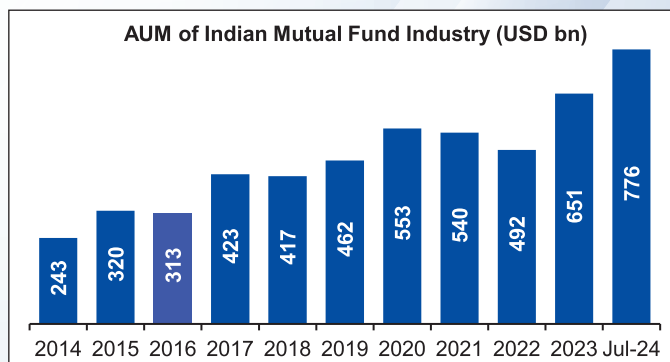
MUTUAL FUND INDUSTRY

Bangladesh's mutual fund industry is still in its infancy. The size of the mutual fund sector is significantly low, with a total AUM of only USD 0.9 billion as of December 2023.

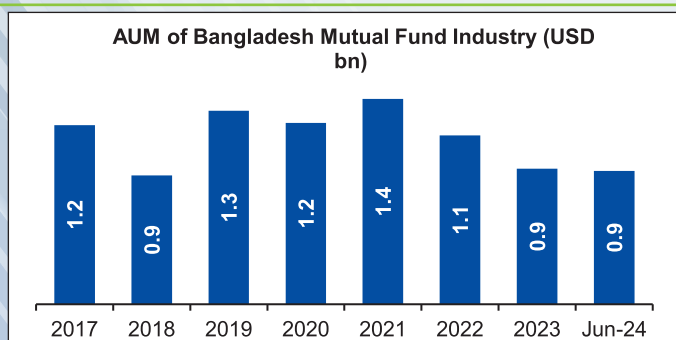
Comparison with India

Particulars	India	Bangladesh
Initiation of Mutual Fund	Public Sector 1963 Private Sector 1993	Public Sector 1980 Private Sector 1999
AUM	USD 776 bn	USD 0.9 bn
AUM to GDP	16.0%	0.24%
AUM to Deposit	35.0%	0.62%
Total Number of AMC	44	67
Total Number of Schemes	2,500+	133
AUM Composition	Open End 92.2% Close End 7.8%	Open End 51.5% Close End 48.5%
Distribution Channels	Agents, Distribution Companies, Bank and NBFI, Direct Marketing and Mass Media.	Direct Marketing

The mutual fund industries of India and Bangladesh stand at opposite ends of the growth spectrum. India's mutual fund industry has witnessed rapid expansion, with assets under management (AUM) surging to USD 776 billion as of June 2024. Over the past decade, AUM has grown five-fold, underscoring strong investor confidence. Meanwhile, Bangladesh remains stagnant, with an AUM to GDP ratio of just 0.24%, far behind India's 16.0%. India's mutual fund industry is far more integrated into the broader financial system, with an AUM to Deposit ratio of 35.0%, compared to Bangladesh's 0.62%.

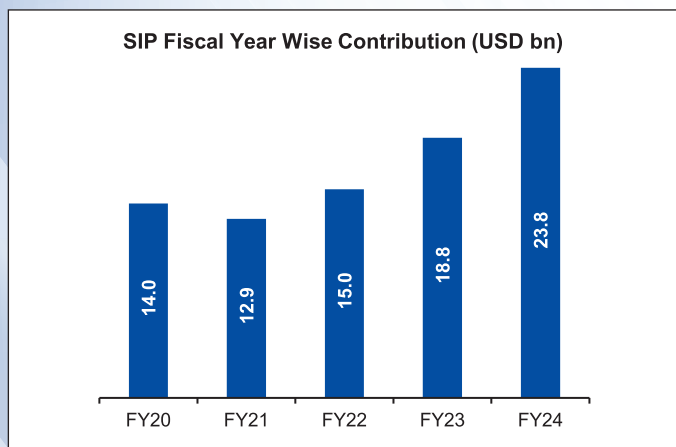


Source: Morningstar



Source: Asset Management Companies in Bangladesh and Shanta Capital Market Research

In India, monthly net inflows through SIPs reached USD 2.30 billion by March 2024, and the total SIP contribution for the fiscal year 2024 stood at nearly USD 23.8 billion, up from USD 18.8 billion the previous year. SIPs now account for 20% of the total industry assets, reflecting their importance in the Indian market. The number of SIP accounts has also skyrocketed to 8.4 crore, with around 1.7 million new accounts added each month. Whereas in Bangladesh SIP amount and number are negligible.



Source: Mutual Fund Association of India

B. MAJOR FOCUS AREA FOR THE MARKET

We have identified several key areas that require utmost attention for the development of the market. The areas are:

1. Reforms in Market Ecosystem & Broaden Stakeholder Mindset
2. Resolve IPO Market Issues to attract Good Companies
3. Increase Institutional Investment through Popularizing Mutual Funds
4. Enhance Disclosure & Auditing Quality
5. Establish a Vibrant Bond Market
6. Robust Surveillance & Timely Enforcement
7. More Engagement of Stock Exchanges
8. Analysts and Experts' Ability to Publish 'Equity Research Reports' to Counter Rumors
9. Review Margin Loan Rules & Practices

1. REFORMS IN MARKET ECOSYSTEM & BROADEN STAKEHOLDER MINDSET

Reforms to restore trust in the system and improve governance

All efforts needed to restore trust and improve governance, are the keys to the development of the financial market. We need to formulate and implement strong corporate governance policies to improve governance at all levels such as issuer companies, auditors, market intermediaries, tax authorities regulatory bodies, etc.

Regulators' focus should be improving the regulatory environment and policy making. The KPI of the regulators of every financial market is upholding public trust through transparent systems and accountability.

No impediment for free market trade

Any impediment to free trade is against the basic notion of secondary market. Liquidity is the primary reason behind the secondary market formation. Floor price, abnormally low circuit breaker limit and closure of market, severely impacts the market liquidity. This floor price has severely damaged the Bangladesh stock market reputation to the foreign investors' community. We need to ensure that the floor price will never be introduced in the market. To restore confidence of foreign investors, the regulator may consider on issuing a circular/notification that the practice of a 'floor price' system will never be imposed again.

Frequent Policy changes need to be stopped to ensure predictability

Frequent changes in the policies tarnish the trust in the system. We experienced several ad-hoc policies be it on floor price, circuit breakers, allowable margin loan ratios, or stock categorization for long. Besides, there have been four (4) amendments to the Public Issues Rules owing to various requirements. These sorts of ad hoc changes to serve short-term agendas need to be stopped. It is important for investors, local & foreign, to have a predictable economic environment so that their systematic risks can be hedged away.

Broaden the mindset of Investors & Media

In Bangladesh, there is an ongoing perspective that the sign of a good capital market is an ever-increasing index. People believe that any fall in the index signals that the shareholders have been misled. This becomes a more concerning issue considering that the Bangladesh market is heavily individual retail investor-focused. A sharp price fall in the market results in the news media outlets also widely circulating the issue. This further creates a negative impression on the market. In every market, the stock price goes up or down depending on many economic, financial, and company-level factors.

Coordination between regulator and stakeholders

Without consulting with the relevant stakeholders, any decision taken by the regulator can create an imbalance in the market. Any policy-making should be consulted with the relevant stakeholders such as AMCs, merchant banks or brokerages, issuer companies, etc. In addition, different professional bodies such as the CFA Society, ICMAB, and ICAB community should be engaged in policy formulation. Besides, there should be a permanent coordination committee between regulatory authorities like BSEC, Bangladesh Bank, National Board of Revenue, and the stock exchanges to ensure better coordination concerning the issues having an impact on the market.

2. RESOLVE IPO MARKET ISSUES TO ATTRACT GOOD COMPANIES

When considering the IPO market dynamics, one needs to consider the Issuer, Regulator, and other stakeholders' perspectives

2.A Issuer Perspective (Supply Side)

Upgrade the Valuation Method

In Bangladesh, the regulator is more concerned about the secondary market performance of a listed company. Hence, they are conservative in IPO valuation. The present regulator-prescribed valuation model is too restrictive and discouraging for good companies.

Comparison with Other Markets: To assess the valuation methods in other markets, we have explored the situations of four countries – India, Sri Lanka, Pakistan, and Singapore. The current scenario and valuation methods in these countries are outlined below:

Country	Types of IPO	Responsible Party for Valuation	Valuation Process
India	Fixed Price & Book-building	Issuer and Issue Manager	Fixed Price: Price determined using relevant valuation models Book-building: Floor Price determined using relevant valuation models. Price band set within a 20% range of Floor Price for; Strike Price determined through bidding
Sri Lanka	Fixed Price	Issuer and Issue Manager	Price determined using relevant valuation models
Pakistan	Fixed Price & Book-building	Issuer and Issue Manager	Fixed Price: Price determined using relevant valuation models Book-building: Floor Price determined using relevant valuation models. Price band set within a 40% range of Floor Price; Dutch Auction Method for Strike Price determination
Singapore	Mainboard and Catalyst	Issuer and Issue Manager (Mainboard) Issuer and Sponsor (Catalist)	Price determined using relevant valuation models, with Strike Price being determined through bidding in book-building process

We recommend reintroduction of the Dutch Auction and let the eligible institutional investors discover the fair price. The Issuer and Issue Manager may have the flexibility to propose an indicative price by assessing institutional investors' views through roadshows. The ultimate price will be determined by the demand and supply of investors.

Shorten the time required for listing

Where a bank loan can be availed within 2 months in Bangladesh, a company requires 6-8 months from application to BSEC, to receiving money, if they choose to raise capital through IPO. This makes receiving a bank loan a much swifter option for companies.

In addition, during the 6-8 months of IPO approval, the economic and business environment may change which may demand change in the IPO fund utilization plan. To do that, the company needs to get approval from BSEC and conduct an EGM – a process that requires an additional 3 months. In India, the entire process is much more streamlined. The table below showcases the different phases involved.

Phase	Timeline
Planning	2 weeks
Due diligence	4-5 weeks
DRHP Preparation	1 week
SEBI Approval	4-8 weeks
RHP Submission	2-3 weeks
IPO Launch	Minimum 3 days
Allotment	Within 1 day of issue closure
Listing	Within 3 day of issue closure
Post issue activities	2-3 weeks

Tilt the IPO Distribution pie toward the institution

Bangladesh's IPO allocation is heavily retail investor-focused, with a 75%-25% division for GPs and EIs. Both India and Sri Lanka have a much greater allocation in IPO towards institutional investors – the most informed investor base in the market. In India, QIB enjoys at least 50% allocation under the Profitability route (meeting eligibility criteria) and at least 75% allocation under the QIB route (special route if eligibility criteria not met). In Sri Lanka, Unit Trusts and non-retail investors are allocated at least 60% of the issue for IPOs less than LKR 3 billion. Institutions usually can assess the IPO prospects and are better positioned to absorb the IPO price fluctuations compared to retail investors..

Bring more flexibility on IPO Proceed Utilization

In Bangladesh, there are restrictions on the utilization of IPO proceeds, with only one-third of the funds raised being usable for loan repayment. However, in India, there are no such restrictions.

Sufficient tax incentives to offset the cost of listing

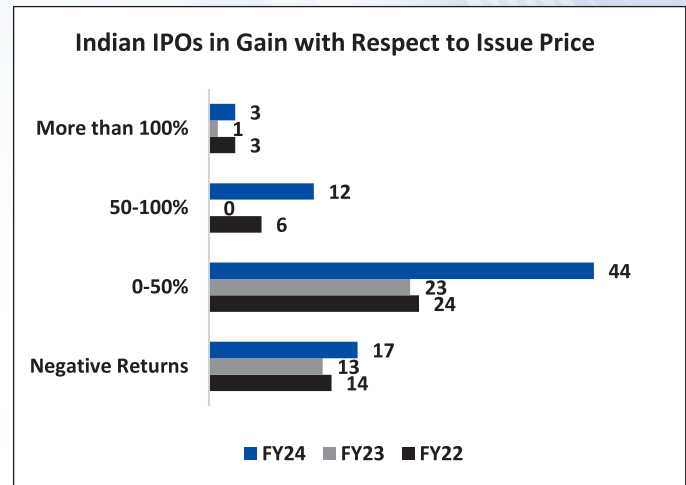
If any company becomes listed, the only benefit is the tax saving of 5%. However, many companies do not find it lucrative considering issues of the high level of corporate governance i.e. reporting to the regulatory authority, disclosure of financial statements, scrutiny of financial statements by regulators, corporate governance, etc. In addition, there exists a general perception among entrepreneurs that they will have to pay VAT & Tax more accurately if they become listed. This pressure can cause an unwillingness to conduct an IPO. We may introduce a reduced tax rate for 3-5 years to reduce the burden for newly listed companies, as seen in Sri Lanka.

We need to appreciate that no tax incentive will work if there is a scope to evade tax. Hence tax evasion loopholes need to be corrected. The government has already established DVS to ensure a single financial statement of any company. NBR needs to ensure transparency in VAT & Tax submission and compel companies to pay VAT & Tax properly.

2.B Regulatory Perspective

Conservativeness of the Regulator

In Bangladesh, sometimes the regulator is conservative about the IPO valuation due to possible loss in secondary market performance. They are concerned about the secondary market performance and, hence want to keep IPO price as low as possible. In a capitalist economy, pricing is a function of demand and supply interaction among investors. In India, in FY24, 22.36% of issues experienced negative returns, and this was seen as a normal operation of the market.



Excessive documentation requirement

Our public issue rule and subsequent letters from BSEC seek many documents from companies due to a lack of confidence in the audited financial statement of the company. This might deter many companies from engaging with the public listing process, as the costs of complying with the logistics may be greater than the benefits. To improve this, we have to improve audit quality.

2.C Investor and Other Stakeholders Perspective

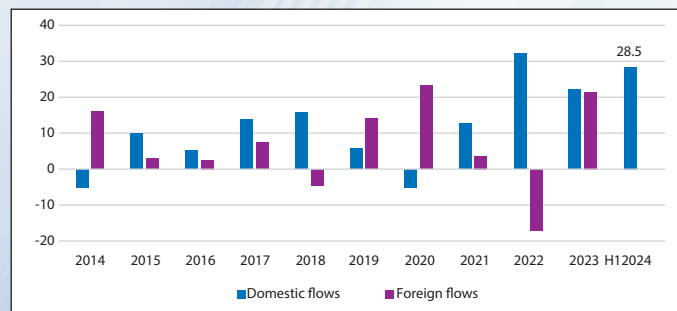
High IPO allocation time

From an investor point of view, there is a 2–4-week period from money deposit for IPO application to obtaining a refund for non-allocation. With regards to the bidding process, India's Application Supported by Blocked Amount (ASBA) system, developed by the Securities and Exchange Board of India (SEBI), represents a best practice in this regard. This process ensures no additional time delay for refund takes place.

3. INCREASE INSTITUTIONAL INVESTMENT THROUGH POPULARIZING MUTUAL FUND

The Bangladesh stock market is predominantly retail focused. We have a very small institutional segment which is not healthy. For those reasons, we have witnessed increased volatility and irrationality in the market. We need to take immediate steps to popularize mutual funds to increase the institutional pie. We have

seen in our neighboring country, in India that the mutual fund industry acted as a stabilization force and acts as a driver of sustainable market growth, which reflects the necessity of having a strong mutual fund industry. Foreign sell-off in India in 2018 and 2022 were fully offset by the inflows of Mutual funds.



Source: Association of Mutual Funds India

Bring asset allocation flexibility for Asset Management Companies (AMCs)

The current regulations such as minimum equity exposure requirement, sectoral limits, individual stock limits, etc. do not allow Asset Management Companies (AMCs) the required level of discretion over asset allocation to allow them to navigate changing market conditions more effectively and thus generate a decent return for the market. We propose below changes in the regulations –

- Introduce separate asset allocation policies based on fund nature (equity, fixed income, or Shariah).
- Increase single stock exposure limit from 10% to 15%. This is necessary as we don't have many consistent high profit and cash flow generating companies that can ensure good returns for the investors beating high yielding fixed income securities over a long time. This would give fund managers the required flexibility to invest in high-performing companies without being restricted by limits.
- Increase industry exposure limit from 25% to 30%. In tandem, review the sector definition in line with global norms. For example –Pharma, Chemicals, and Consumer are considered as one sector. Improper sector definition impedes prudent risk management. It also reduces the flexibility of fund managers to take enough exposure to promising sectors such as consumers and Pharma as both are considered as one sector.
- Withdraw 60% minimum equity exposure. This requirement is a severe deterrent for protecting client interest as the Fund manager can't sell shares even if s/he has predictions of a negative market outlook.
- There shouldn't be a maximum limit for investment in treasury securities as it is a risk-free instrument.

Popularizing Mutual Fund needs restoration of investor trust

We need to ensure that investors get their money back at the maturity of closed-end funds. No term extension should be allowed. In addition, liquidation/ conversion can only be decided by the unitholders. On top of that, we need to strengthen periodic regulatory oversight to stop irregularities in the mutual fund industry.

Introduce fiscal incentives to popularize Mutual Fund Investments

We may consider imposing a lower tax rate on Capital gain and dividend income from mutual funds compared to direct investing. In the initial phase of mutual fund development in India, we have seen similar tax incentives.

There is another pressing change required in tax rebate space. Currently, there is no upper limit on tax rebates for investments directly in the stock market, while mutual fund investments have a BDT 500,000 cap for investment rebates. The cap should be withdrawn to attract investors to invest in Mutual Funds.

Introduce enough scope for Life Insurance and Provident Funds to invest in Mutual Fund

To further strengthen the mutual fund industry, it is essential to create a legal and regulatory framework that allows life insurance companies and provident funds to invest in mutual funds, which is absent in Bangladesh. These institutions are critical components of the financial system and can provide a reliable source of long-term capital to the mutual fund industry.

Enhance Investment Limits in Mutual Funds for Banks

Currently, banks are allowed to invest up to 5% of their paid-up capital in open-ended mutual funds and 15% AUM of any open-end mutual fund. We propose to increase the limit (5% of their paid-up capital to 10% and 15% of AUM in any specific open-end Mutual fund to 50%). Allowing banks to invest up to 50% of any individual open-end mutual fund's total AUM (from the current 15%) is particularly necessary during the launching phase of an Open-end Mutual Fund when fund size usually remains very low. Hence, 15% of AUM in the launching phase is very insignificant compared to the Bank's capital.

Withdraw unnecessary dividend declaration requirement for Open-End Mutual Funds

The current requirement for dividend declarations in open-end mutual funds is outdated and unnecessary. Open-end mutual funds offer investors the option to surrender their units at any time at Net Asset Value, making dividend declarations less relevant. If anyone needs cash, he/she can surrender units without any hassle. This mandatory provision has brought operational hassle for the open-end Mutual Fund. We have observed that many investors withdraw funds before the record date to avoid cash dividends and deposit the funds again after the record date. For this reason, AMCs need to keep substantial free cash during the cash dividend entitlement period. This prevents the fund from making investments for a longer period and thus fund loses return opportunity. Dividend decisions should be delegated to the Trustee, who will decide by assessing the preference of the majority investors of the fund.

Allow Mutual Funds to use financial intermediaries (banks, brokerages, MFS, insurance companies) to act as the selling agents

Mutual funds should be allowed to partner with a wider range of financial intermediaries such as banks, brokerages, Mobile Financial Services (MFS), insurance companies, and other financial intermediaries as selling agents to expand their reach to a broader base of potential investors. In addition, in line with the global standard practice, commissions for selling agents should be allowed to charge to the fund within a limit of the overall expense ratio.

Enhance Technology Infrastructure

One of the challenges faced by retail investors in the mutual fund space is the lack of a seamless and unified technology platform. Solving this issue would require a stronger technological infrastructure from the backend. In addition, BSEC may take a proactive role in developing a central technology infrastructure that would connect brokers with the AMCs to create opportunities to easily purchase or sell mutual funds by brokerage firms.

Popularizing Mutual Fund demands country wide Branding initiatives

The government can initiate an awareness campaign throughout the country to popularize mutual funds like 'Mutual Fund Sahi Hai' in India.

4. ENHANCE DISCLOSURE & AUDITING QUALITY

Investors make decisions based on disclosures. Therefore, timely and quality disclosure is crucial for establishing a robust capital market. Both the issuer companies and auditors should be held accountable for any misrepresentation and fabrication. Only top-rated

audit firms should be allowed to conduct audits of listed firms. The roles of the Financial Reporting Council (FRC) need to be strengthened. All IPO approval and investment decisions are based on audited reports. Hence, if a weak company's promoters fabricate the financials which are signed by the CFO and certified by the auditor – creates a huge problem –as regulators and the investor community don't do audits but they rely on audited reports. So, some exemplary punishments may be given for fabricated financials by promoters and certified by auditors.

We may also consider centralizing the publication of corporate disclosures in a common platform and making them available within 24 hours of the announcements.

5. ESTABLISH A VIBRANT BOND MARKET

The Bangladesh capital market is almost entirely equity focused. As bond investment carries less risk than equity investment, a vibrant bond market is indispensable for establishing a functional capital market. Over the last few years, we witnessed some development in the bond market space. However, liquidity is very insignificant. We think bond market trading process needs to be reviewed urgently to bring liquidity in the bond market.

6. ROBUST SURVEILLANCE & TIMELY ENFORCEMENT

Lack of punishment enforcement potentially led to more manipulations. Any possible violation of the law should be investigated and penalized within 90 days of the event. For this purpose, BSEC should increase its surveillance capacity with knowledgeable, well-trained staff. Regulators should take lessons from the practices of global and regional regulators. Additionally, the department should generate a monthly report which BSEC can take as guidance to improve governance in the market. So, Stock Exchanges should have a broader role in the surveillance process for stronger monitoring. With limited people in BSEC, it is difficult for them to look after surveillance.

7. MORE ENGAGEMENT IN THE STOCK EXCHANGE

The primary regulator BSEC should be more concerned with policy making instead of getting involved in day-to-day activities. Here stock exchanges could play a vital role. The Stock Exchange expertise can be utilized for market governance. They should be able to physically verify listed and potentially listed companies, examination of financial reporting, and network with potential IPO companies.

8. ANALYST AND EXPERT'S ABILITY TO PUBLISH "EQUITY RESEARCH REPORT" TO COUNTER RUMORS

As more and more experts and analyst share their views publicly there will be less chance of stock manipulation and that would also counter stock rumors. Purchase

decisions by dealers, fund managers, and users of any special funding facilities should be backed by detailed investment research.

9. REVIEW MARGIN LOAN RULES & PRACTICES

Our experience suggests that most margin loan investors make substantial losses in their margin loan portfolio. Even margin loan lenders also make losses from negative equity. Hence the margin loan policy needs to be updated immediately to escape from the vicious cycle. The absence of proper provisioning fabricates the true profitability of lenders. Awareness should be spread among investors and intermediaries that margin loans are not for everyone.

CONCLUSION

Bangladesh's capital market has vast untapped potential. Despite strong demand for corporate funding, companies have historically preferred bank loans due to faster disbursement and fewer restrictions compared to capital market options.

With the right reforms and initiatives, Bangladesh can close the gap with regional markets, providing businesses with greater access to capital and investors with a broader range of opportunities.

We strongly recommend that the commission conduct meetings with relevant market stakeholders and develop a set of short-term and medium-term KPIs that need to be achieved to develop a strong and sustainable capital market in Bangladesh. It is important to publish the deadlines for each KPI achievement so that local and foreign investors can understand what value they can create by investing in Bangladesh's capital market.



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Is Bangladesh on Track for High-Income Status by 2041 with Its Current Economic Approach?

Bangladesh, often touted as the “Next Asian Tiger,” has achieved remarkable economic growth, with its current GDP estimated at approximately \$465 billion and poised to reach a trillion-dollar GDP within the coming decade. Over the recent decades, the economy has maintained a robust growth rate exceeding six percent annually, driven by a combination of domestic initiatives and international partnerships, resulting in capital formation surpassing \$2.3 billion.

The demographic profile of Bangladesh presents a significant advantage, with over 45 percent of its population under 25 years old and 70 percent below 40 years old. This youthful demographic injects vitality into the workforce each year, fostering innovation and energy within the economy. Education plays a pivotal role in Bangladesh’s economic strategy, boasting a high literacy rate nearing 75 percent and nearly universal primary school enrollment, ensuring a skilled workforce capable of meeting the demands of modern industries.

Infrastructure development has been pivotal in supporting Bangladesh’s economic expansion. The country boasts an extensive highway network spanning over 24,000 kilometers, enhancing transportation efficiency and logistics, thereby reducing costs and improving market accessibility. Additionally, more than 3,000 kilometers of railway lines and over 10 active land ports bolster trade connectivity, facilitating robust economic interactions regionally and globally.

Bangladesh has achieved near-universal access to electricity, providing substantial benefits to both industrial operations and household needs. Ongoing mega-projects in energy and transportation further enhance economic efficiency and growth prospects.



In terms of digital connectivity, Bangladesh has made significant strides. Out of a total of 185 million internet users, 118.49 million access the internet through mobile devices, illustrating widespread mobile internet penetration and accessibility. Moreover, 12.88 million broadband internet subscribers contribute to enhanced internet speeds and connectivity across various sectors. Plans are underway to expand internet access to 34 million users by 2025, underscoring Bangladesh’s commitment to digital transformation and integration into the global economy.

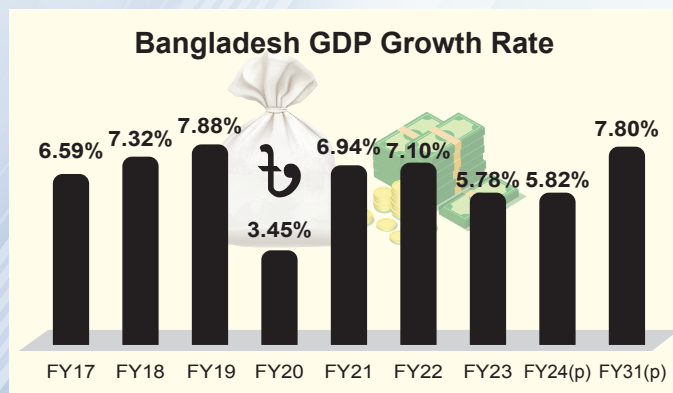
Economic Diversification: A Crucial Path for Bangladesh’s Sustainable Growth

Economic diversification remains crucial for Bangladesh’s sustainable growth. Key sectors such as textiles and garments, agriculture, and information technology are pivotal in driving GDP growth, providing employment to millions, and earning substantial foreign exchange. Remittances, averaging US\$ 24-25 billion annually from approximately 15 million migrant workers abroad, play a vital role in the economy, contributing significantly to economic stability and growth.

Strategically positioned as a gateway between South Asia and Southeast Asia, Bangladesh benefits from its geographic location, facilitating regional trade and maritime access through its ports. To achieve its goal of becoming a developed nation by 2041, Bangladesh must address challenges such as economic diversification, infrastructure development, human capital enhancement, environmental sustainability, and governance reforms. By sustaining high growth rates, leveraging its demographic dividend, and building a resilient economy capable of withstanding global economic fluctuations, Bangladesh can ensure sustainable growth and prosperity, ultimately realizing its vision of becoming a developed nation.

To advance to upper middle-income status, Bangladesh aims to achieve a GDP growth rate of 7.8% by 2031. This target reflects the country’s strategic focus on accelerating economic expansion through targeted policies and investments in key sectors. Meeting this milestone will signify a significant elevation in per capita income and economic development metrics.

Looking further ahead, Bangladesh has set an ambitious goal of attaining high-income status by 2041, necessitating an annual growth rate of 10.2%. This objective underscores the nation’s long-term vision of becoming a prosperous, advanced economy. Achieving high-income status entails not only sustained economic growth but also substantial advancements in infrastructure, education, and technology to foster innovation and productivity.



Currently, Bangladesh’s economic model is projected to support growth rates of 6.5% by 2031 and 5.9% by 2041. The demographic dividend of a young, dynamic workforce is leveraged in this model through strategic initiatives aimed at enhancing economic resilience and promoting diversification across industries such as textiles, agriculture, and technology.

These growth targets and projections outline Bangladesh’s trajectory towards economic prosperity and development, guided by prudent economic policies and a commitment to sustainable growth. They underscore the importance of continued investment in infrastructure, human capital, and institutional reforms to navigate challenges and capitalize on opportunities in the global economy.

Achieving Sustained Economic Growth by 2041: A Comprehensive Strategy

Achieving sustained economic growth exceeding 8% by 2041 necessitates a comprehensive strategy focusing on several pivotal areas:

- Enhancing Productivity:** Technological advancements and skill development programs are essential.
- Increasing Savings and Investment Rates:** Both domestic savings and foreign capital attraction will fuel economic expansion.
- Fostering Greater Participation of Women:** Supportive policies and initiatives are crucial for tapping into additional human capital.

Moreover, substantial reforms in urban development to improve infrastructure, connectivity, and livability are imperative. Strengthening the financial sector to ensure stability and accessibility to capital, alongside progressive trade policy reforms aimed at diversifying exports and attracting high-value investments, are equally vital. These multifaceted reforms aim to enhance economic competitiveness, broaden the export base, build resilience against global economic fluctuations, and position the country as an attractive destination for international investors.

By addressing these key drivers comprehensively, the path to achieving robust and inclusive growth by 2041 becomes clearer, laying a solid foundation for sustainable economic prosperity.

Conclusion

Bangladesh stands at a pivotal juncture in its economic journey, poised to solidify its position as the “Next Asian Tiger.” With robust GDP growth, a youthful demographic dividend, extensive infrastructure developments, and strides in digital connectivity, the nation is laying a strong foundation for future prosperity. As it navigates challenges and pursues ambitious development goals, Bangladesh’s commitment to economic diversification, sustainable practices, and inclusive growth will be crucial. By harnessing its strengths and continuing on its path of reform and innovation, Bangladesh is on track to achieve its vision of becoming a developed nation by 2041, embodying resilience, dynamism, and economic success on the global stage.





Md. Sharif Hasan, FCS, LL.B

Director-Regulatory Affairs
& Company Secretary
Unique Hotel & Resorts PLC &
EC Member, BAPLC

Corporate Governance Practice in Bangladesh

Companies are incorporated and regulated by the Companies Act, 1994 and is supplemented by a Corporate Governance Code, issued in 2018 by the Bangladesh Securities and Exchange Commission (BSEC). The code does not operate on a “comply-or-explain” basis, but is binding on all listed companies falling within its remit.

It was published by the BSEC by virtue of its authority to “impose conditions” under Section 2CC of the Securities and Exchange Ordinance, 1969. Although the code itself does not mention penalties for noncompliance, the Securities and Exchange Ordinance, 1969, Section 22(b) contains penalties for non-compliance with an order or direction of the BSEC.



Some conditions of the Corporate Governance Code 2018 have been updated and revised in 2023 & 2024 through separate notifications.

Good corporate governance is key to better business

Corporate governance refers to a system of rules, practices, and processes by which a company is directed and controlled. There are four pillars of corporate governance:

- Accountability
- Transparency
- Fairness
- Responsibility

Due to different kinds of biases and self-centered concerns, sometimes we find a lack of corporate governance in corporate houses.

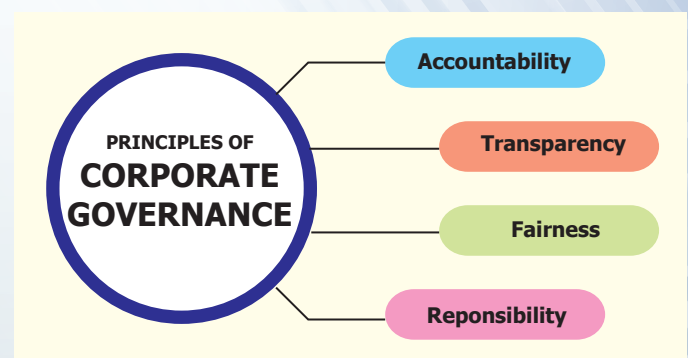
The necessity of strong corporate governance in Bangladesh is crucial for several reasons, and any slack in it will ultimately disrupt the smooth operation of the business houses. A robust corporate governance framework enhances transparency, accountability, and fairness in business operations and creates investors' confidence. It helps build trust and confidence amongst the stakeholders, both domestic and international, leading to increased investment and economic growth for the country.

Poor corporate governance practices can lead to a decline in a company's stock value. In a scenario where corporate governance measures are lacking, investors may become less likely to invest in a company, leading to reduced access to capital. Without capital, it can be difficult for companies to maintain operations, grow, and prosper.

We have to keep in mind that good corporate governance ensures that shareholders' rights are protected, and their interests are safeguarded. This includes fair treatment, access to information, and mechanisms for the exercise of their voting rights.

Business ventures are always associated with risk factors. Only those that are successful have the capacity to take calculative risks.

Sound corporate governance practices require the establishment of effective risk management systems and enable companies to identify, evaluate, and manage risks effectively, contributing to their long-term sustainability and resilience. On the other hand, weak corporate governance creates an environment where fraudulent activities and mismanagement can flourish.



Obviously, strong corporate governance ensures that boards are accountable to shareholders and act in their best interests. It promotes a culture of responsible impartial decision-making, oversight, and strategic planning, which are essential for the long-term success of a company.

A good strategic plan backed by strong corporate governance always leads an enterprise to long-term sustainability and a prosperous future. Corporate governance safeguards the interests of all stakeholders, including employees, customers, suppliers, and the wider community.

It ensures that their rights and concerns are considered in decision-making processes and that their participation is encouraged.

Eventually, a well-structured corporate governance framework helps companies comply with laws, regulations, and corporate governance codes. This minimizes legal and reputational risks, and helps companies avoid penalties and sanctions. A lack of corporate governance measures can lead to reputational damage for a company. This damage can be long-lasting and have serious financial implications, including loss of revenue and legal costs.

In recent years, Bangladesh has recognized the importance of corporate governance and has made efforts to strengthen its corporate governance practices. The Companies Act 1994 governs companies in the country with the Bangladesh Securities and Exchange Commission and the Institute of Chartered Secretaries of Bangladesh (ICSB) being the regulatory bodies that oversee corporate governance practices.

Overall, the adoption and widespread progression of strong corporate governance practices in Bangladesh is essential for the sustainable growth and development of businesses, attracting investment, and creating a favorable business environment.

Motto of Corporate Governance

The central purpose of corporate governance is to make managers accountable to the shareholders. Without a corporate governance structure, managers would be free to make decisions that are in their own interest, but not necessarily in the interest of the company. Corporate governance keeps managers in check by limiting their power and often, by trying to make them pay attention to the company's performance.

Benefits of Corporate Governance

- Good corporate governance ensures corporate success and economic growth.
- Strong corporate governance maintains investors' confidence, as a result of which, the company can raise capital efficient and effectively.
- It lowers the capital cost.

- There is a positive impact on the share price.
- It provides proper motivation to the owners as well as managers to achieve objectives that are in the interest of the shareholders and the organization.
- Good corporate governance also minimizes wastages, corruption, risks and mismanagement.
- It helps in brand formation and development.
- It ensures organization is managed in a manner that fits the best interest of all.

Corporate governance is an important part of strategic management that can improve company performance. Despite its importance, many people are unclear about what corporate governance is precisely. Both managers and investors should understand what corporate governance is and the role that it plays in company. Being aware of what corporate governance is will allow them to see how it affects their respective businesses.



Responsibilities of the Board in establishing Corporate Governance

1. Board members should make decisions based on complete information, act in good faith, exercise due diligence and care, ensure and focus on prioritizing the best interests of the company and its shareholders.
2. When board decisions impact different shareholder groups in varying ways, the board should ensure that all shareholders are treated fairly.
3. The board should apply high ethical standards. It should take into account the interests of stakeholders.
4. The board should fulfill certain key functions, including:
 - ✓ Reviewing and guiding corporate strategy, major action plans, risk policies, annual budgets and business plans; setting performance objectives; monitoring implementation and overall corporate performance; and supervising significant capital expenditure, acquisitions and divestitures.
 - ✓ Monitoring the effectiveness of the company's governance practices and making changes as needed.

- ✓ Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- ✓ Aligning key executive and board remuneration with the longer-term interests of the company and its shareholders.
- ✓ Ensuring a formal and transparent board nomination and election process.
- ✓ Monitoring and managing potential conflict of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- ✓ Ensuring the integrity of the corporation's accounting and financial reporting systems, including overseeing independent audits and ensuring that robust control systems are established, particularly for risk management, financial and operational controls and compliance with legal and regulatory standards.
- ✓ Overseeing the process of disclosure and communications.

Board Size & Structure

A corporate governance code is a guide for board members and directors, setting out how they should approach governance in their organization

"The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty)."

Independent Directors on the Board

All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: -

"At least 2 (two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s)."

"Provided that the Board shall appoint at least 1(one) female independent director in the Board of Directors of the company."

An "independent director" means a director-

- ✓ who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;
- ✓ who is not a sponsor of the company or is not connected with the company's sponsors or directors or nominated directors or shareholder of the company or any of its associates, sister concerns, subsidiaries and

parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship, and his or her family members also shall not hold above mentioned shares in the company;

- ✓ who has not been an executive of the company in the immediately preceding 2 (two) financial years;
- ✓ who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;
- ✓ who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;
- ✓ who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;
- ✓ who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;
- ✓ who is not an independent director in more than 5 (five) listed companies;
- ✓ who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or any advance to a bank or a financial institution; and
- ✓ who has not been convicted for a criminal offence involving moral turpitude;



Qualification of Independent Director

Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contributions to the business.

Independent director shall have following qualifications:

- Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association; or
- Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or
- Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;

Provided that in the case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or

- University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or
- Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;

However, the independent director shall have at least 10 (ten) years of experience in any field mentioned in the above. In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.

Appointment of Independent Directors

- ◆ Check the MOA & AOA of the Company;
- ◆ Recommendation of the Nomination and Remuneration Committee (NRC) of the company;
- ◆ The Board shall appoint the independent director, subject to prior consent of the Commission;
- ◆ Appointment of independent director shall be placed to the next AGM for shareholders' approval.

Tenure of office of an Independent Director

The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.

Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:

Provided further that the independent director shall not be subject to retirement by rotation as per the (Companies Act, 1994). For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.

The role and responsibility of Independent Directors

The Bangladesh Securities and Exchange Commission vide their BSEC Order No. BSEC/CMRRCD/2023-429/67 dated 18 October 2023 has outlined the role and responsibilities of the independent directors of the issuer of listed securities or companies which are as follows:

- (1) Independent director shall act for the good governance, sustainability and overall welfare of the company within the prescribed limit or scope set by the Commission or any other regulator, as applicable;
- (2) The provision of section 30 of the Securities and Exchange Ordinance, 1969 may be applicable for an independent director who is nominated or appointed by the Commission under special circumstances;
- (3) Independent director shall not be responsible for furnishing any guarantee for the purpose of the company's loan or any other liabilities or obligations;
- (4) Independent director shall not sign or execute any mortgage or security or charge document for the purpose of the company's loan or any other liabilities or obligations, unless he holds such position where it is compulsory to give signature by virtue of his designation;
- (5) Independent director shall not be reported to the Credit Information Bureau (CIB) of Bangladesh Bank as obligor in connection with the company's loan or any other liabilities or obligations with any bank/financial institution;

Provided that independent director shall be reported to the CIB for his personal loan and debt obligation:

- (6) Independent director may not be reported as a party along with other directors of the company for any criminal or civil suit brought against the company; until it is proved that such independent director has any personal liability on that issue beyond his role as independent director.

Board of Directors' Committee

For ensuring good governance in the company, the Board shall have at least the following sub-committees:

1. Audit Committee; and
2. Nomination and Remuneration Committee

Governance of Board of Directors of Subsidiary Company

- (a) Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;
- (b) At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;
- (c) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;
- (d) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;
- (e) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.

Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer

- (a) The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;
- (b) The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;
- (c) The Chairperson of the Board shall be elected from among the non-executive directors of the company;
- (d) The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;
- (e) In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.

Meetings of the Board of Directors

The company shall conduct its Board meetings and meet four (4) times minimum in the course of the year. The company must record the minutes of the meetings as well as keep the required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code.

Code of Conduct for the Chairperson, other Board members and Chief Executive Officer

- ✓ The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) for the Chairperson of the Board, other board members and Chief Executive Officer of the company;

- ✓ The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.

Appointment of Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)

- ✓ The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);
- ✓ The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;
- ✓ The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time:

As per sub-clause (c) of clause (1) of condition No. 3 of newly amendment of Corporate Governance Code-2018 of Bangladesh Securities and Exchange Commission (BSEC) vide their Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 dated 16 October 2023:

"Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission:

Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;"

- ✓ The Board shall clearly define the respective roles, responsibilities and duties of the CFO, the HIAC and the CS;

- ✓ The MD or CEO, CS, CFO and HIAC shall not be removed from their positions without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).

Appointment of CFO or CS as additional job responsibility of any listed company

In compliance to Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 dated 16 October 2023, regarding Notification of amendment to the Corporate Governance Code, 2018, the following documents are to be submitted to the Commission for appointment of a CFO or CS as an additional job responsibility under the same group:

- a) NRC resolution regarding the recommendation of appointing the CFO or CS for the same position under the same group;
- b) Appointment letters and other relevant documents regarding the terms and conditions of the appointments of current CFO or CS of both the companies;
- c) Salary statements of the current CFO or CS, and relevant bank statements (highlighting the transactions concerning remuneration and perquisites of the CFO or CS) of both the companies;
- d) A joint agreement of both companies regarding the additional responsibility of the CFO or CS. The agreement, among others, shall include clauses regarding:
 - (i) job responsibility, work time, and job location in each company,
 - (ii) sharing of remuneration and perquisites by the companies, and
 - (iii) redressal of conflict in any form;
- e) A declaration of the CFO or CS. The declaration shall cover, among others:
 - (i) intent to work at both the companies
 - (ii) accountability to both companies and
 - (iii) commitments to performing his/her duties at the listed company on a priority basis;
- f) Any other relevant documents.

Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

- ✓ The MD or CEO and CFO shall certify to the Board that they have reviewed the financial statements for the year and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards and applicable laws;
- ✓ The MD or CEO and CFO shall also certify that there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;
- ✓ The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.

Reporting and Compliance of Corporate Governance

1. The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm, on a yearly basis, regarding compliance of conditions of the Corporate Governance Code of the Commission and such certificate shall be incorporated as a part of the Annual Report.
2. The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.
3. The directors of the company shall state whether the company has complied with these conditions or not.

Effective Implementation and Enforcement of Corporate-Governance Laws and Regulations

Over the past several years, most South Asian countries have substantially revamped their laws, regulations and other formal CG norms. Bangladesh is still lagging behind in this matter. Leadership from the uppermost reaches of government is necessary to promote public confidence in the state's commitment to the rule. In this regard, adoption of international accounting, audit and financial disclosure standards and practices will facilitate transparency, as well as comparability, of information across different jurisdictions. Such features, in turn, strengthen market discipline as a means for improving CG practices.

Conclusion

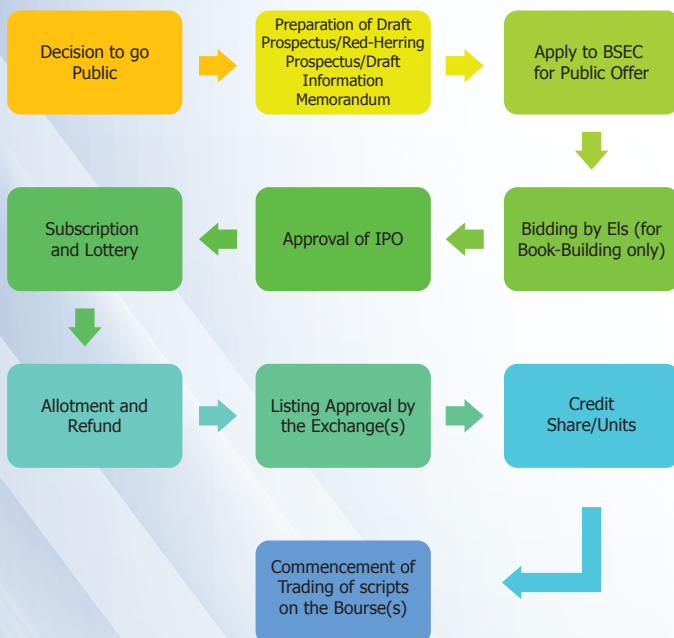
Bangladesh is one of the least economically developed countries in the world. Lack of corporate governance within the organizations hinders the sustainability of the business and subsequently creates a problem for the economic development of the country. In this connection, corporate governance code recently focused on matters like the composition of the Board of Directors, the duties and responsibilities of the Independent Directors, regular monitoring by shareholders and voting rights of shareholders. However, CG is a system by which the organizations are directed and controlled. The good governance in the organization ensures the protection of the right of minority shareholders, equitable treatment of shareholders, recognition of the roles of stakeholders, the proper disclosure and transparency and the clarification of the responsibilities of the board of the organization. CG is vital for growth and stability of the various economic sectors of the country.



Initial Public Offering (IPO) process in Bangladesh

Before an IPO, a company is considered private. As a pre-IPO private company, the business grows with a relatively small number of shareholders, including early investors like the founders, family members, friends, and professional investors. When a company reaches a stage in its growth process where it believes it can fulfill the listing requirements and is mature enough to comply with BSEC's regulations, it begins to advertise its interest in going public.

General Stages and Relevant Processes of Listing with Stock Exchanges through an IPO:



Step 1: Decision to Go Public

- Making a board decision to go public.
- Appointing Issue Manager(s) from the approved list of the Bangladesh Securities and Exchange Commission (BSEC).
- Deciding on the method of public offer with the assistance of the Issue Manager, either Fixed Price, Book Building, or Direct Listing.
- Getting accounts audited by a BSEC-approved panel of auditors.

- Initiating the process for credit rating (mandatory for banks, insurance companies, NBFIs, and any issue with an offer price at a premium).
- Developing a website for the company.

Step 2: Preparation of Draft Prospectus/Red-Herring Prospectus/Draft Information Memorandum

- Assist the Issue Manager in preparing the Draft Prospectus in accordance with the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.

- Appoint Underwriters.

- In the case of an IPO under the Book Building Method:

⇒ Prepare a Red-Herring Prospectus.

⇒ Send invitations to Eligible Investors (EIs) for the Road Show.

⇒ Conduct the Road Show.

⇒ Collect comments and observations from EIs who participated in the Road Show in accordance with the rules of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.

⇒ Finalize the Red-Herring Prospectus.

Step 3: Apply to BSEC for Public Offer

- Apply to BSEC for an IPO under the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015. Submit copies of the Draft Prospectus/Red-Herring Prospectus along with the relevant documents to Exchanges, simultaneously.

- Assist the Issue Manager in updating the draft prospectus to comply with or fulfill deficiencies identified by BSEC/Exchange.

- Post the Draft Prospectus/Red-Herring Prospectus on the company's and Issue Manager's websites.

Step 4: Bidding by Eligible Investors (EIs), (for Book-Building only)

- Obtaining BSEC's consent for bidding.

- Application to the Exchanges for holding bidding with BSEC's consent.

- Signing agreement with Book Building Software agency or company for bidding and payment of fees thereof.
- Determination the cut-off price through Book-Building Software.
- On completion of bidding, collect allotment list of EIs and cut-off price from the Exchange.
- Submission the details of bidding along with draft prospectus to BSEC for approval.

Step 5: Approval of IPO:

- Collecting consent letter issued by BSEC.
- Publishing the abridged version of the approved and vetted prospectus in the widely circulated national dailies (two Bengali and two English News Papers)
- Publishing the Final Prospectus.
- Posting the vetted Prospectus on the Website of Issuer, Issue Manager, Commission, and Exchanges.
- Application for Listing with Exchanges in accordance with BSEC (Public Issue) Rules, 2015 and the Listing Regulations, 2015.

Step-6: Subscription and Lottery:

- Start subscription for IPO through designated Stock Brokers/Merchant Bankers.
- Assist Issue Manager and Registrar to the issue/Post Issue Manager in completing formalities related to subscription, lottery, refund and crediting shares to successful allottees.
- After the subscription period, submission of subscription status to BSEC and the Exchanges where the issuer wishes to get listed.
- Holding lottery in case of over subscription under general public category.
- Distribution of securities on pro-rata basis in case of over subscription under category of eligible investors.

Step 7: Allotment and Refund

- Distribute allotment letters in electronic form and complete the refund process.
- After distributing allotment letters/completing the refund process, submit a compliance report to the Commission and the Exchanges.
- If the issue was not subscribed to the minimum required quantity, refund the subscription money to the subscribers.

Step 8: Listing Approval by the Exchange(s)

- After distributing the allotment letters/refund warrants and complying with other requirements, the Issuer must apply to the Exchange(s) for listing.

- The application for listing can be approved or rejected.

Step 9: Credit Shares/Units

- If the listing is approved by the Exchange, the issuer shall apply to CDBL for crediting tradable shares/units as per the allotment.

Step 10: Commencement of Trading of Shares on the Bourse(s)

- Once shares/units are credited and confirmed by CDBL, the commencement date for trading is announced by the concerned Exchange(s).



General stages and relevant processes of listing by offloading of shares of companies through Direct Listing Process:

- Taking Board decision for Offloading shares
- Taking shareholders resolution in respect of disposal of Shares
- Get relevant approval from concerned ministry or any other regulatory body, if any
- Appointment of Issue Manager and designated Brokers.
- Preparation of Information Document in accordance with Regulations 8 to 13 of the Dhaka Stock Exchange (Listing) Regulations, 2015.
- Submission of Information document to the respective Exchanges and BSEC and apply to the Exchanges for offloading of shares through direct listing.
- Rectifying the shortcomings/mistakes/omissions mentioned in the deficiency letter issued by BSEC, if any
- Rectifying deficiencies identified by the concerned Exchange(s).
- Update the Information document and get the same vetted by the respective exchanges.
- Exchange(s) approve Listing, if no contrary opinion is received from BSEC.

- ❑ Publish the Information Document in two widely circulated national dailies (one in Bangla and another in English).
- ❑ Posting the full information document or public offer document on the website of the Commission, the Exchange and the Issuer.
- ❑ Submit printed Information Document to the Exchanges and BSEC
- ❑ Trading shall commence at least seven days after publication of the information document
- ❑ Make shares to be offloaded available to designated stock brokers and provide irrevocable sale orders for the total quantity made available.
- ❑ The existing shareholders shall offer for sell at least 25 (twenty-five) percent of the shareholding in the

company within 30 (thirty) trading days from the date of commencing the normal trading.

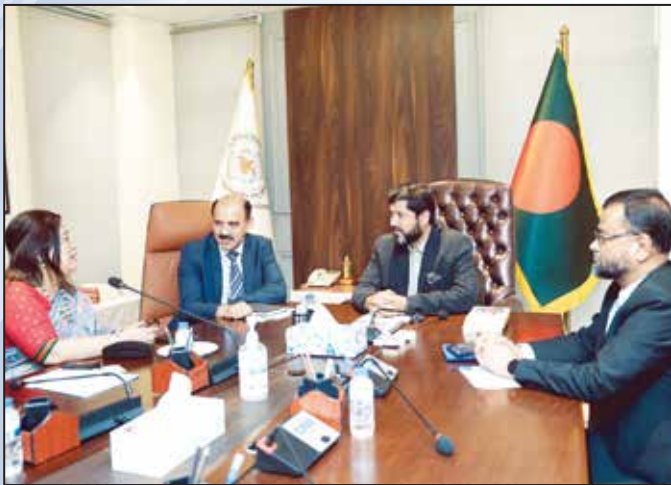
- ❑ No sponsors or directors of the company shall, subject to compliance of the other provisions in respect of shareholding, sell more than 50% of his/her existing shareholding until the company holds the annual general meeting after completion of one full accounting year of the company upon listing with the Exchange.
- ❑ The sponsors or directors shall be restricted from buying shares for 1 (one) year from the date of direct listing.
- ❑ Report broker-wise offloading status to the exchanges and BSEC, on a daily basis, until completion of sale of the targeted 25 (twenty-five) percent shareholding

IPO
initial public offering





On September 12, 2024, ICC Bangladesh jointly with other stakeholders arranged a National Business Dialogue where Honourable Chief Adviser Nobel Laureate Prof. Dr. Muhammad Yunus was the Chief Guest. BAPLC was also a partner of this Program.



A delegation from BAPLC, led by its President Rupali Haque Chowdhury paid a courtesy call on the BSEC's new Chairman Khondoker Rashed Maqsood.



A delegation from BAPLC, led by its President Rupali Haque Chowdhury met with the Central Bank's Governor Abdur Rouf Talukder.



The newly Executive Committee of BAPLC met with Professor Shibli Rubayat-Ul-Islam, Chairman, BSEC.



BAPLC Election for the President and the Vice President for the term 2024-2025.



Annual General Meeting of BAPLC

Capital Market Scenario and Statistics

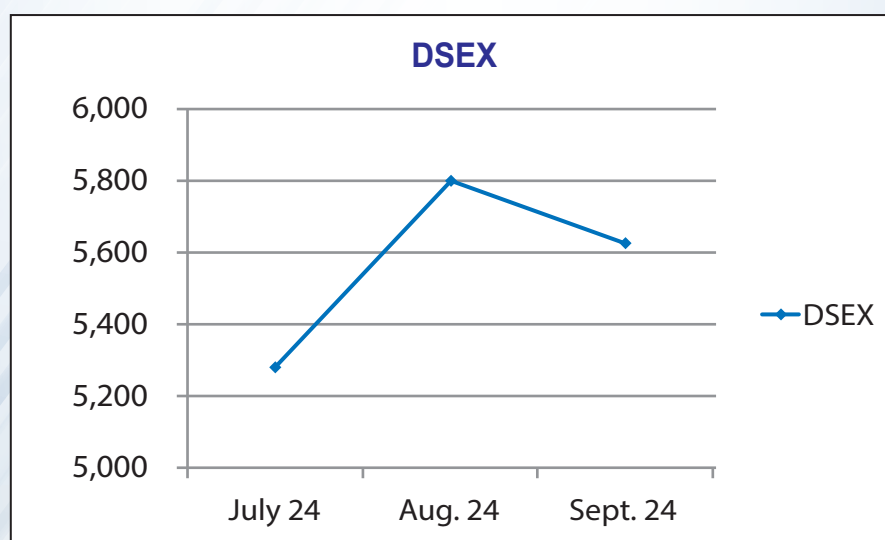
DSE Market Indices

July 2024				
Index Name	1 July 2024	31 July 2024	Change	% Change
DSEX	5,340.19	5,280.47	-59.71	-1.12
DSES	1,177.74	153.97	-1,023.77	-86.93
DS30	1,904.63	1,886.19	-18.44	-0.97
Total Market Cap. in Taka (mn)	6,605,406.40	6,493,870.71	-111,535.69	-1.69

August 2024				
Index Name	1 Aug 2024	29 Aug 2024	Change	% Change
DSEX	5,333.94	5,804.42	470.48	8.82
DSES	1,165.38	1,241.26	75.88	6.51
DS30	1,900.85	2,124.71	223.85	11.78
Total Market Cap. in Taka (mn)	6,533,680.66	6,995,815.49	462,134.83	7.07

September 2024				
Index Name	1 Sept 2024	30 Sept 2024	Change	% Change
DSEX	5,829.37	5,624.50	-204.87	-3.51
DSES	1,245.55	1,263.73	18.18	1.46
DS30	2,128.84	2,053.36	-75.48	-3.55
Total Market Cap. in Taka (mn)	7,016,736.29	6,834,116.13	-182,620.17	-2.60

Source: DSE



New IPOs (January – September, 2024)

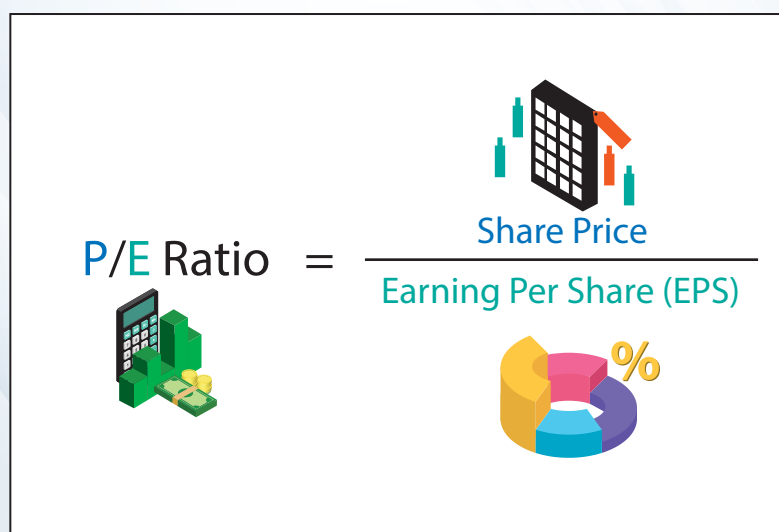
Sl. No.	Name of the Issues	Listing Date	Trading Date	Issued Cap Tk. in mn	Public Offer/IPO BTD in mn	Public Subscription Tk. in mn	Over/Under Subscription (Times)
01	Sikder Ins. Co. Ltd.	15.01.24	24.01.24	400.00	160.00	2,729.78	17.06
02	Best Holdings Ltd.	31.01.24	06.02.24	10,592.30	3,500.00	13,212.12	3.77
03	NRB Bank Ltd.	18.02.24	27.02.24	6,905.87	1,000.00	3,605.53	3.61
04	Asiatic Laboratories Ltd.	29.02.24	06.03.24	1,223.93	950.00	3,998.45	4.16
05	Techno Drugs Ltd.	09.07.24	14.07.24	1,319.98	1,000.00	2,480.00	24.64

Sector wise P/E ratio

Sector	July 2024	August 2024	September 2024
Banks	5.75	5.42	6.22
Financial Institutions	13.73	13.55	16.31
Mutual Funds	25.94	26.01	29.21
Engineering	14.37	14.53	13.15
Food & Allied Product	13.86	13.93	15.01
Fuel & Power	8.25	8.28	8.97
Jute	13.50	13.98	15.99
Textile	13.45	13.58	14.33
Pharmaceuticals & Chemicals	12.63	12.74	12.74
Paper & Printing	20.42	20.95	34.76

Source: DSE

Sector	July 2024	August 2024	September 2024
Service & Real estate	16.43	16.75	15.73
Cement	12.29	12.60	13.74
IT-Sector	18.90	19.27	18.67
Tannery	19.24	19.28	18.87
Ceramic	115.42	117.04	111.27
Insurance	13.66	14.40	13.75
Telecommunication	9.58	9.61	12.70
Travel and Leisure	13.74	14.26	13.17
Miscellaneous	30.38	30.52	27.71
Market P/E	10.19	11.28	10.66

$$\text{P/E Ratio} = \frac{\text{Share Price}}{\text{Earning Per Share (EPS)}}$$


COMPULSORY MEMBERSHIP OF BAPLC:

Bangladesh Association of Publicly Listed Companies (BAPLC) is the apex body of the companies listed with the two stock exchanges of Bangladesh, membership of which has been made compulsory by the Ministry of Commerce through an Office Order bearing Reference No. MC/ABA-6/A-2/99/216 dated August 15, 2005. Furthermore, the Bangladesh Securities & Exchange Commission (BSEC) has also issued a directive on the above-mentioned subject dated April 11, 2010, followed by DSE's Gazette Notification published in the Bangladesh Gazette dated April 26, 2010, requiring all listed companies to take up compulsory membership of BAPLC. Subsequently, DSE and CSE incorporated the requirement under Regulation No.46 of the new Listing Regulations-2015 stating as follows:

As per Regulation No. 46 of the DSE & CSE Listing Regulations 2015:-

"The issuer of listed securities shall submit a copy of membership certificate of Bangladesh Association of Publicly Listed Companies (BAPLC) to the Exchange: Provided that the issuer shall also submit such certificate with renewal thereof to the Exchange in every year along with the Annual Report."

List of BAPLC Members

Sl. No.	Name of Member Companies
01.	Aamra Networks Ltd.
02.	Aamra Technologies Ltd.
03.	AB Bank PLC.
04.	ACI Formulations Ltd.
05.	ACME Pesticides Ltd.
06.	Active Fine Chemicals Ltd.
07.	ADN Telecom Ltd.
08.	Advanced Chemical Industries limited
09.	AFC Agro Biotech Ltd.
10.	Aftab Automobiles Ltd.
11.	Agni Systems Ltd.
12.	Agrani Insurance Co. Ltd.
13.	Agricultural Marketing Co. Limited
14.	Al-Arafah Islami Bank PLC.
15.	Alhaj Textile Mills Limited
16.	Alltex Industries Ltd.
17.	Alpha Tobacco Mfg. Co. Ltd.
18.	Aman Cotton Fibrous Ltd.
19.	Aman Feed Ltd.
20.	Ambee Pharmaceuticals PLC
21.	Anlima Yarn Dyeing Ltd.
22.	Anwar Galvanizing Ltd.
23.	Apex Foods Ltd.
24.	Apex Footwear Limited
25.	Apex Spinning & Knitting Mills Ltd.
26.	Apex Tannery Ltd.
27.	Aramit Cement PLC.
28.	Aramit PLC.
29.	Argon Denims Ltd.
30.	Asia Insurance Ltd.
31.	Asia Pacific General Ins. Co. Ltd.
32.	Associated Oxygen Ltd.
33.	Aziz Pipes Limited

Sl. No.	Name of Member Companies
34.	Bangas Limited
35.	Bangladesh Autocars Limited
36.	Bangladesh Building Systems PLC.
37.	Bangladesh Export Import Co. Limited
38.	Bangladesh Finance Ltd.
39.	Bangladesh General Insurance Co. PLC.
40.	Bangladesh Industrial Finance Co. Ltd.
41.	Bangladesh Lamps Limited
42.	Bangladesh Monospool Paper Mfg. Co. Ltd.
43.	Bangladesh National Insurance Co. Ltd.
44.	Bangladesh Services Ltd.
45.	Bangladesh Shipping Corporation
46.	Bangladesh Steel Re-Rolling Mills Ltd.
47.	Bangladesh Submarine Cables PLC.
48.	Bangladesh Thai Aluminium Limited
49.	Bank Asia Ltd.
50.	Baraka Patenga Power Ltd.
51.	Baraka Power Ltd.
52.	Bata Shoe Co. (Bangladesh) Ltd.
53.	Bay Leasing & Investment Ltd.
54.	BBS Cables PLC.
55.	BD Com Online Ltd.
56.	BD Thai Food & Beverage Ltd.
57.	Beacon Pharmaceuticals Ltd.
58.	Bengal Biscuits Limited
59.	Bengal Fine Ceramics Limited
60.	Bengal Windsor Thermoplastics Ltd.
61.	Berger Paints Bangladesh Ltd.
62.	Beximco Pharmaceuticals Limited
63.	BRAC Bank PLC.
64.	British American Tobacco Bangladesh Co. Ltd.
65.	BSRM Steels Ltd.
66.	Central Insurance Co. Ltd.

Sl. No.	Name of Member Companies
67.	Chartered Life Ins. Co. Ltd.
68.	City Bank PLC.
69.	City Insurance PLC.
70.	Confidence Cement PLC.
71.	Continental Insurance Ltd.
72.	Coppertech Ind. Ltd.
73.	Crown Cement PLC.
74.	Crystal Insurance Co. Ltd.
75.	CVO Petrochemical Refinery Ltd.
76.	Daffodil Computers Ltd.
77.	DBH Finance PLC.
78.	Delta Life Insurance Co. Ltd.
79.	Delta Spinners Ltd.
80.	Desh Garments Limited
81.	Desh General Ins. Co. Ltd.
82.	Deshbandhu Polymer Ltd.
83.	Dhaka Bank PLC.
84.	Dhaka Electric Supply Co. Ltd.
85.	Dhaka Insurance Ltd.
86.	Dominage Steel Building Systems Ltd.
87.	Doreen Power Generations & Systems Ltd.
88.	Dragon Sweater & Spinning Ltd.
89.	Dulamia Cotton Spinning Mills Ltd.
90.	Dutch Bangla Bank PLC.
91.	Eastern Bank PLC.
92.	Eastern Cables Ltd.
93.	Eastern Housing Limited
94.	Eastern Insurance Co. Limited
95.	Eastern Lubricants Blenders Ltd.
96.	Eastland Insurance PLC.
97.	eGeneration Ltd.
98.	Emerald Oil Industries Ltd.
99.	Energypac Power Generation PLC.
100.	Envoy Textiles Ltd.
101.	Esquire Knit Composite PLC.
102.	Evince Textiles Ltd.
103.	Excelsior Shoes Ltd.
104.	Export Import Bank of Bangladesh PLC.
105.	Express Insurance Ltd.
106.	FAR Chemical Industries Ltd.
107.	Far East Knitting & Dyeing Ind. Ltd.
108.	Fareast Finance & Investment Ltd.
109.	Fareast Islami Life Insurance Co. Ltd.
110.	FAS Finance & Investment Ltd.
111.	Federal Insurance Co. Ltd.
112.	Fine Foods Ltd.
113.	First Finance Ltd.

Sl. No.	Name of Member Companies
114.	First Security Islami Bank PLC.
115.	Fortune Shoes Ltd.
116.	Fu-Wang Ceramic Industry Ltd.
117.	Fu-Wang Foods Ltd.
118.	GBB Power Ltd.
119.	Gemini Sea Food PLC.
120.	Generation Next Fashions Ltd.
121.	Genex Infosys Ltd.
122.	Global Heavy Chemicals Ltd.
123.	Global Insurance Ltd.
124.	Global Islami Bank PLC.
125.	Golden Harvest Agro Industries Ltd.
126.	Golden Son Ltd.
127.	GPH Ispat Ltd.
128.	GQ Ball Pen Industries Ltd.
129.	Grameenphone Ltd.
130.	Green Delta Insurance Co. Limited
131.	GSP Finance Co. (BD) Ltd.
132.	H. R. Textile Mills Ltd.
133.	Hakkani Pulp & Paper Mills Ltd.
134.	Hamid Fabrics PLC.
135.	Heidelberg Cement Bangladesh Ltd.
136.	Himadri Ltd.
137.	HWA Well Textile (BD) PLC.
138.	ICB Islamic Bank Ltd.
139.	IDLC Finance PLC.
140.	IFAD Autos Ltd.
141.	IFIC Bank PLC
142.	Imam Button Ind. Ltd.
143.	Index Agro Ind. Ltd.
144.	Indo-Bangla Pharmaceuticals Ltd.
145.	Information Services Network Ltd.
146.	InTech Ltd.
147.	International Leasing & Fin. Services Ltd.
148.	Investment Corporation of BD. (ICB)
149.	IPDC Finance PLC.
150.	Islami Bank Bangladesh PLC.
151.	Islami Commercial Ins. Co. Ltd.
152.	Islami Insurance Bangladesh Ltd.
153.	Islamic Finance and Investment Ltd.
154.	IT Consultants PLC.
155.	Jamuna Bank PLC.
156.	Jamuna Oil Co. Ltd.
157.	Janata Insurance Co. Ltd.
158.	Jessore Cement Co. Ltd.
159.	JMI Hospital Requisite Manufacturing Ltd.
160.	JMI Syringes & Medical Devices Ltd.

Sl. No.	Name of Member Companies
161.	Karnaphuli Insurance Co. Ltd.
162.	Kattali Textile Ltd.
163.	Kay & Que (Bangladesh) Limited
164.	KDS Accessories Ltd.
165.	Keya Cosmetics Ltd.
166.	Khulna Power Company Ltd.
167.	Khulna Printing & Packaging Ltd.
168.	Kohinoor Chemical Co.(BD) Ltd.
169.	Krishibid Feed Ltd.
170.	Lafarge Holcim Bangladesh Ltd.
171.	Lanka Bangla Finance PLC.
172.	Legacy Footwear Ltd.
173.	Libra Infusions Limited
174.	Linde Bangladesh Ltd.
175.	Lub-rref (Bangladesh) Ltd.
176.	M. L. Dyeing Ltd.
177.	Maksons Spinning Mills Ltd.
178.	Malek Spinning Mills PLC.
179.	Marico Bangladesh Ltd.
180.	Matin Spinning Mills PLC.
181.	Meghna Condensed Milk Ind. Ltd.
182.	Meghna Insurance Co. Ltd.
183.	Meghna Life Insurance Co. Ltd.
184.	Meghna Pet Ind. Ltd.
185.	Meghna Petroleum Ltd.
186.	Mercantile Bank PLC.
187.	Mercantile Islami Insurance PLC.
188.	Metro Spinning Limited
189.	Midas Financing Ltd.
190.	Midland Bank PLC.
191.	Mir Akhter Hossain Ltd.
192.	Mithun Knitting & Dyeing (CEPZ) Ltd.
193.	MJL Bangladesh PLC.
194.	Monno Agro & General Machinery Ltd.
195.	Monno Ceramic Ind. Ltd.
196.	Monno Fabrics Ltd.
197.	Mozaffar Hossain Spinning Mills Ltd.
198.	Mutual Trust Bank PLC.
199.	Nahee Aluminum Composite Panel Ltd.
200.	National Bank Ltd.
201.	National Credit and Commerce Bank Ltd.
202.	National Feed Mill Ltd.
203.	National Housing Finance PLC.
204.	National Life Insurance Co. Limited
205.	National Polymer Industries PLC.
206.	National Tea Co. Ltd.
207.	Navana CNG Ltd.

Sl. No.	Name of Member Companies
208.	Navana Pharmaceuticals PLC.
209.	New Line Clothings Ltd.
210.	Nitol Insurance Co. Ltd.
211.	Northern Islami Insurance Ltd.
212.	Northern Jute Manufacturing Co. Ltd.
213.	NRB Bank Ltd.
214.	NRBC Bank PLC.
215.	Oimex Electrode Ltd.
216.	Olympic Accessories Ltd.
217.	Olympic Industries Ltd.
218.	ONE Bank Ltd.
219.	Orion Infusion Limited
220.	Orion Pharma Limited
221.	Pacific Denims Ltd.
222.	Padma Islami Life Ins. Ltd.
223.	Padma Oil Co. Ltd.
224.	Paper Processing & Packaging Ltd.
225.	Paramount Insurance Co. Ltd.
226.	Paramount Textile PLC
227.	Peoples Insurance Co. Ltd.
228.	Peoples Leasing and Financial Services Ltd.
229.	Pharma AIDs Ltd.
230.	Phoenix Finance & Investment Ltd.
231.	Phoenix Insurance Co. Ltd.
232.	Phoenix Leather Complex Limited
233.	Pioneer Insurance Co. Ltd.
234.	Popular Life Insurance Co. Ltd.
235.	Pragati Insurance Limited
236.	Pragati Life Insurance Limited
237.	Premier Cement Mills PLC.
238.	Premier Leasing & Finance Ltd.
239.	Prime Bank PLC.
240.	Prime Finance & Investment Ltd.
241.	Prime Insurance Company Limited
242.	Prime Islami Life Ins. Ltd.
243.	Prime Textile Spinning Mills Ltd.
244.	Prograssive Life Ins. Co. Ltd.
245.	Provati Insurance Co. Ltd.
246.	Pubali Bank PLC.
247.	Purabi General Insurance Company Ltd.
248.	Quasem Industries Limited
249.	Queen South Textile Mills Ltd.
250.	R.A.K. Ceramics (Bangladesh) Ltd.
251.	R.N. Spinning Mills Ltd.
252.	Rahim Textile Mills Ltd.
253.	Rahima Food Corporation Ltd.
254.	Rangamati Food Products Ltd.

Sl. No.	Name of Member Companies
255.	Rangpur Dairy & Food Products Ltd.
256.	Rangpur Foundry Ltd.
257.	Ratanpur Steel Re-Rolling Mills Ltd.
258.	Reckitt Benckiser (Bangladesh) PLC.
259.	Regent Textile Mills Ltd.
260.	Reliance Insurance Ltd.
261.	Renata Limited
262.	Renwick, Jaineswar & Co. (BD) Ltd.
263.	Republic Insurance Co. Ltd.
264.	Robi Axiata Ltd.
265.	Runner Automobiles PLC.
266.	Rupali Bank PLC.
267.	Rupali Insurance Co. Ltd.
268.	Rupali Life Insurance Co. Ltd.
269.	S. Alam Cold Rolled Steels Ltd.
270.	S. S. Steel Ltd.
271.	Safko Spinning Mills Ltd.
272.	Saif Powertec Ltd.
273.	Saiham Cotton Mills Ltd.
274.	Saiham Textile Mills Ltd.
275.	Salvo Chemical Industry Ltd.
276.	Samorita Hospital Ltd.
277.	Sandhani Life Ins. Co. Ltd.
278.	SBAC Bank PLC.
279.	Sea Pearl Beach Resort & Spa Ltd.
280.	Shahjalal Islami Bank PLC.
281.	Shahjibazar Power Co. Ltd.
282.	Shasha Denims Ltd.
283.	Shepherd Industries PLC.
284.	Shinepukur Ceramics Ltd.
285.	Shyampur Sugar Mills Ltd.
286.	Silco Pharmaceuticals Ltd.
287.	Silva Pharmaceuticals Ltd.
288.	Simtex Industries PLC.
289.	Singer Bangladesh Ltd.
290.	Sinobangla Industries Ltd.
291.	SK Trims & Ind. Ltd.
292.	Social Islami Bank PLC.
293.	Sonali Aansh Industries Ltd.
294.	Sonali Life Ins. Co. Ltd.
295.	Sonali Paper and Board Mills Ltd.

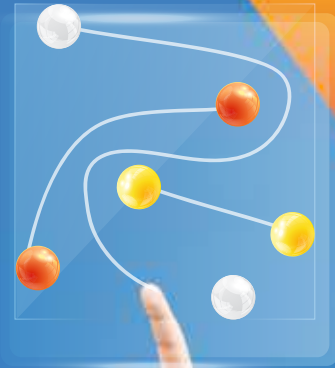
Sl. No.	Name of Member Companies
296.	Sonar Bangla Insurance Ltd.
297.	Sonargaon Textiles Limited
298.	Southeast Bank PLC.
299.	Square Pharmaceuticals PLC.
300.	Square Textiles PLC.
301.	Standard Bank Ltd.
302.	Standard Ceramic Industries Ltd.
303.	Standard Insurance Ltd.
304.	Stylecraft Limited
305.	Summit Alliance Port Ltd.
306.	Summit Power Ltd.
307.	Sunlife Insurance Co. Ltd.
308.	Takaful Islami Insurance Ltd.
309.	Tamijuddin Textile Mills PLC.
310.	Taufika Foods and Lovello Ice-Cream PLC.
311.	The ACME Laboratories Ltd.
312.	The Ibn Sina Pharmaceutical Ind. PLC.
313.	The Peninsula Chittagong Ltd.
314.	The Premier Bank PLC.
315.	Titas Gas T. & D. Co. Ltd.
316.	Tosrifa Industries Ltd.
317.	Toyo Spinning Mills Limited
318.	Trust Bank Ltd.
319.	Trust Islami Life Ins. Ltd.
320.	Uniliver Consumer Care Ltd.
321.	Union Bank Ltd.
322.	Union Capital Ltd.
323.	Unique Hotel & Resorts PLC.
324.	United Commercial Bank PLC.
325.	United Finance Ltd.
326.	United Insurance Co. Ltd.
327.	United Power Generation & Distribution Co. Ltd.
328.	Usmania Glass Sheet Factory Ltd.
329.	Uttara Bank PLC.
330.	Uttara Finance & Inv. Ltd.
331.	Walton Hi-Tech Ind. PLC.
332.	WATA Chemicals Ltd.
333.	Yeakin Polymer Ltd.
334.	Zaheen Spinning PLC.
335.	Zahintex Industries Ltd.
336.	Zeal Bangla Sugar Mills Ltd.

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SQUARE PHARMACEUTICALS PLC.



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In Pharmaceuticals Industry
Since 1985

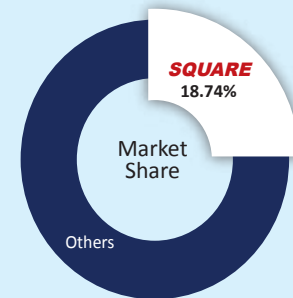
Since 1958

SQUARE Pharma, the largest pharmaceuticals company in the Country, is a trusted name in the pharmaceuticals sector of Bangladesh. Like most indigenous concerns it made its debut in a humble way in 1958 as a Partnership Firm under the leadership of the Late Samson H Chowdhury.

In 1964, the Partnership Firm converted into a Private Limited Company, then in 1991, converted into a Public Limited Company and became Publicly Listed Company in 1995.

SQUARE today symbolizes a name - a state of mind. From its inception in 1958, it has today burgeon into one of the top line conglomerates in Bangladesh.

Bank Loan **Zero**
From the FY 2018-19



86.27%

Doctors have referred Square Products
30,438 doctors prescribed Square's products out of 35,284.

In BDT

+192 billion

Market Capitalization
Top in Pharma Sector

Credit Rating **AAA**
By CRISL

18 Brands
Square Pharma
are in the top 50 brands
of Pharma Sector



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S Q U A R E

ড্যাম্প ওয়ালের সাথে
টক্সিক রিলেশন?
DAMPGUARD -ই
মঠিক মল্যুশন!



*ড্যাম্প ওয়াল হতে পারে হাঁচি, কাশি, শ্বাসকষ্টসহ নানারকম স্বাস্থ্যঝুঁকির কারণ