

Weekly Market Update

Capital Market Overview

The market closed negative this week. The benchmark index DSEX (-0.25%) lost 13.62 points and closed the week at 5,429.69 points. The blue-chip index DS30 (-0.52%) lost 10.51 points and stood at 2,014.88 points while the shariah based index DSES (-1.40%) closed in red and stood at 1,259.70 points. DSEX, DS30, and DSES all posted negative YTD return of -13.05%, -11.75%, and -9.42% respectively.

Total Turnover During The Week (DSE) : BDT 23.6 billion (USD 283.6 million)
Average Daily Turnover Value (ADTV): BDT 4.7 billion (Δ% Week: +20.8%)

Market P/E: 16.86x
Market P/B: 2.19x

Daily Index Movement during the Week:

The market performed five sessions during the week. Market experienced market correction of 0.97% in the first session but showed positive movement of 0.42% in the second session. Market again remained negative in the third and fourth session respectively by 0.40% and 0.57%. It rebounded to a positive movement by 1.28% on the fifth session.

Sectoral Performance:

- All the financial sectors ended in negative except Banks (+1.59%). Mutual Funds posted the highest loss of 0.83% followed by Life Insurance (-0.71%), NBFIs (-0.46%) and General Insurance (-0.11%).
- Telecommunication experienced the highest loss of 3.40% followed by Food & Allied (-1.88%), Engineering (-1.50%), Pharmaceuticals (-0.80%) and Power (-0.57%).

Macroeconomic arena:

- Of the 25 banks that took the facility to clean up their balance sheets, AB Bank topped the chart writing off BDT 3.28 billion, followed by Prime Bank (BDT 2.06 billion) and IFIC Bank (BDT 1.52 billion), according to data from the Bangladesh Bank. With the latest update, a total of BDT 481.92 billion has been written-off between January 2003 and 2017.
- Led television makers and sellers are expecting a good month of sales ahead of the 2018 FIFA World Cup Russia. As part of the move, companies such as Samsung, Walton, Rangs, Transcom and Singer have come up with different offers, especially discounts, to attract customers.
- The central bank has started carrying out a special inspection to detect irregularities relating to foreign exchange reporting by the commercial banks. Three inspection teams of Bangladesh Bank (BB) started on-site inspection Sunday to find out alleged 'misreporting' on foreign exchange rate to the central bank by some banks.
- Inward remittance using mobile financial services (MFS) has increased by 20.8% to BDT 66.2 million in March, compared to February's BDT 54.8 million. through MFS also rose by 10.2% to BDT 313.39 billion in March, from BDT 284.55 billion in February. At present, 17 of the 19 banks granted permission to run MFS are providing services and of these, Brac Bank's bKash, and Dutch Bangla Bank's Rocket, topped the list in service providing.

Stock Market arena:

- GRI (Global Reporting Initiative), Netherlands, has signed a memorandum of understanding (MoU) with Dhaka Stock Exchange (DSE) to provide training to local stakeholders so that listed companies follow the standards of sustainability reporting.
- Of the BDT 191.20 billion rescheduled by the 57 banks in 2017, Nation Bank and Islami Bank, the two first-generation banks, accounted for 39%. National Bank rescheduled BDT 43.33 billion and Islami Bank BDT 30.99 billion. National Bank rescheduled BDT 40.11 billion in the final quarter of 2017 without following Bangladesh Bank instructions properly.
- The share prices of Queen South Textile and Legacy Footwear almost doubled in the last one month for no apparent reason, in a puzzling development given the ongoing bear run in the market. There is a rumour going round that directors of Queen South Textile are Chinese, so when the Chinese institutional investors eventually enter the market by way of DSE's new strategic partners, this company would be chosen by them for investment.

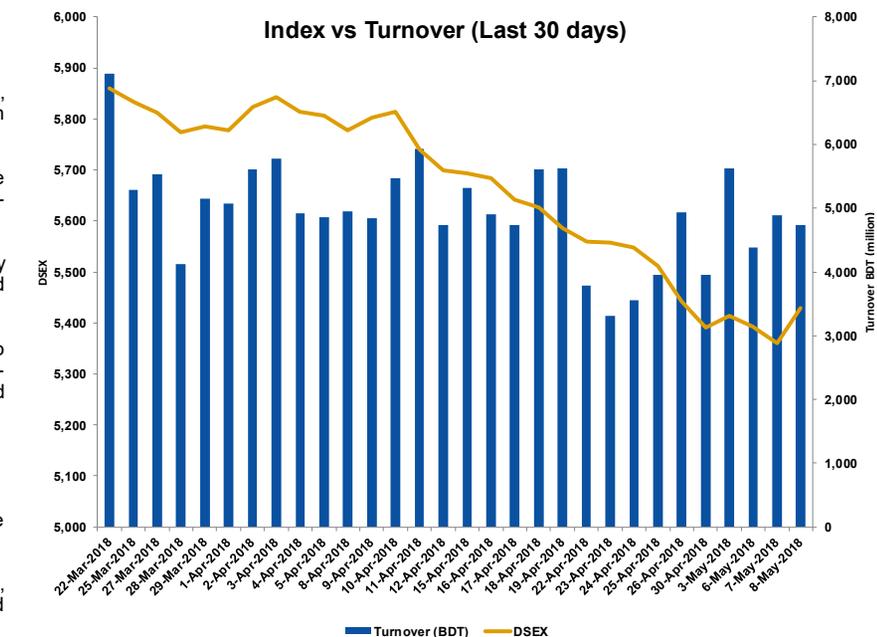
Table 1: Index

Index	Closing	Opening	Δ(Pts)	31-Dec-2016	Δ% Week	Δ%YTD
DSEX	5,429.69	5,443.31	-13.62	6,244.52	-0.25%	-13.05%
DS30	2,014.88	2,025.39	-10.51	2,283.23	-0.52%	-11.75%
DSES	1,259.70	1,277.60	-17.89	1,390.67	-1.40%	-9.42%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,209,652.9	19,586,844.0	-1.9%
	Mn USD	231,079.7	235,617.0	
Turnover	Mn BDT	23,579.4	19,525.7	20.8%
	Mn USD	283.6	234.9	
Average Daily Turnover	Mn BDT	4,715.9	3,905.1	20.8%
	Mn USD	56.7	47.0	
Volume	Mn Shares	562.9	514.7	9.4%

Figure 1: DSEX & Turnover in last four weeks



Associate:
Ahmed Zaki Khan
zaki.khan@bracepl.com

Associate:
Md. Rafiqul Islam
mrafiqulislam@bracepl.com

Table 3: Top Ten Gainers

	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Legacy Footwear	83.60	60.30	38.6%	950.9	597.79	82.8x	5.0x
Berger Paints	2,631	2,050.00	28.3%	61,010.1	291.03	30.2x	10.7x
Monno Jute Staffers	1,917.80	1,604.40	19.5%	882.2	52.46	3869.2x	41.4x
Queen South Textiles Mills Limited	51.50	43.60	18.1%	5,157.7	540.00	35.3x	3.2x
SEML IBBL Shariah Fund	8.80	7.70	14.3%	880.0	13.53	NM	0.9x
Sinobangla Industries	57.90	51.90	11.6%	1,157.8	438.46	36.4x	2.9x
SEML Lecture Equity Management Fund	10.00	9.00	11.1%	500.0	88.31	NM	0.9x
Monno Ceramic	146.40	132.10	10.8%	3,678.2	408.71	1397.5x	1.6x
Al-Arafah Islami Bank	24.00	21.70	10.6%	25,056.5	296.37	8.2x	1.2x
Standard Insurance	30.80	28.20	9.2%	1,212.3	18.07	38.0x	2.0x

Table 4: Top Ten Losers

	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Jamuna Bank	15.10	20.40	-26.0%	11,313.3	27.63	6.3x	0.7x
Mithun Knitting	20.10	24.60	-18.3%	653.1	4.57	NM	0.8x
One Bank	17.30	20.57	-15.9%	13,261.0	40.66	5.5x	1.0x
Progressive Life Ins	50.10	59.20	-15.4%	644.6	.64	NM	5.0x
Dragon Sweater & Spinning Ltd.	18.30	21.60	-15.3%	2,420.2	248.93	16.6x	1.3x
Zeal Bangla Sugar Mills	47.00	55.40	-15.2%	282.0	1.76	NM	NM
Southeast Bank	15.10	17.70	-14.7%	15,922.8	25.19	6.5x	0.6x
BD Welding	16.90	19.60	-13.8%	725.3	3.14	NM	1.3x
Imam Button	26.50	30.70	-13.7%	204.1	3.15	NM	3.2x
Dacca Dyeing	7.00	8.10	-13.6%	610.1	2.77	NM	0.4x

Table 5: Top Ten Most Traded Shares

	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
BRAC Bank	79.60	78.60	1.3%	85,093.4	777.59	21.9x	4.4x
Bangladesh Steel Re-Rolling Mills Limited	112.80	112.00	0.7%	23,660.3	760.43	31.3x	2.3x
Beximco Limited	26.20	29.20	-10.3%	21,866.2	636.81	21.3x	0.4x
United Power Generation & Distribution Company Ltd	223.00	220.00	1.4%	89,030.3	609.41	21.3x	8.3x
Legacy Footwear	83.60	60.30	38.6%	950.9	597.79	82.8x	5.0x
Queen South Textiles Mills Limited	51.50	43.60	18.1%	5,157.7	540.00	35.3x	3.2x
Grameenphone Ltd.	429.40	464.00	-7.5%	579,818.8	531.49	25.7x	22.5x
Western Marine Shipyard Limited	32.60	33.20	-1.8%	5,367.9	443.32	16.9x	1.5x
Sinobangla Industries	57.90	51.90	11.6%	1,157.8	438.46	36.4x	2.9x
Square Pharmaceuticals	291.90	302.20	-3.4%	215,244.5	426.27	20.2x	4.6x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	2,631.00	27.53%	61,010.1	30.2x
Marico Bangladesh Limited	1,182.10	6.87%	37,236.2	25.9x
Summit Power	36.30	1.11%	38,763.9	8.9x
BATBC	3,411.90	0.30%	204,714.0	27.0x
Green Delta Insurance	60.50	-1.47%	4,881.8	17.5x
Delta Brac Housing	133.50	-1.84%	16,267.2	20.7x
Padma Oil Co.	234.10	-2.05%	22,996.3	11.3x
Atlas Bangladesh	128.50	-2.21%	3,869.8	NM
Bata Shoe	1,140.00	-2.71%	15,595.2	15.0x
Beximco Limited	26.20	-2.96%	21,866.2	21.3x

Table 6: Sector Indices

	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1426.55	1404.25	1848.21	1.59%	-22.81%
NBFIs	2092.70	2102.44	2714.85	-0.46%	-22.92%
Mutual Funds	767.52	773.98	788.81	-0.83%	-2.70%
General Insurance	1434.01	1435.60	1592.30	-0.11%	-9.94%
Life Insurance	1745.83	1758.36	1834.85	-0.71%	-4.85%
Telecommunication	5909.72	6117.77	6494.31	-3.40%	-9.00%
Pharmaceuticals	2756.34	2778.54	2821.05	-0.80%	-2.29%
Fuel & Power	1526.25	1534.96	1527.27	-0.57%	-0.07%
Cement	1860.36	1931.34	2280.58	-3.68%	-18.43%
Services & Real Estate	1039.98	1059.29	1224.11	-1.82%	-15.04%
Engineering	2877.66	2921.40	3166.83	-1.50%	-9.13%
Food & Allied	14777.39	15060.46	15304.34	-1.88%	-3.44%
IT	1362.97	1395.73	1484.41	-2.35%	-8.18%
Textiles	1127.30	1123.47	1222.72	0.34%	-7.80%
Paper & Printing	908.13	924.39	1013.11	-1.76%	-10.36%
Tannery	2460.46	2450.74	2642.41	0.40%	-6.89%
Jute	7695.62	7945.53	8867.22	-3.15%	-13.21%
Ceramics	528.27	531.32	597.46	-0.58%	-11.58%
Miscellaneous	1926.39	1687.09	1725.62	14.18%	11.63%

Table 7: Sector Trading Matrix

	Daily average this Week	Daily average last week	% Change	% of Total Turnover	PE	PB
Banks	453.9	375.2	20.97%	12.89%	9.1x	1.0x
NBFIs	82.3	115.5	-28.77%	2.34%	19.6x	2.0x
Mutual Funds	48.8	51.4	-5.06%	1.39%	NM	0.6x
General Insurance	25.4	43.9	-42.15%	0.72%	13.0x	1.0x
Life Insurance	73.9	59.1	25.01%	2.10%	NM	7.7x
Telecommunication	108.2	70.2	54.18%	3.07%	26.0x	19.2x
Pharmaceuticals	298.4	296.5	0.64%	8.48%	20.8x	3.4x
Fuel & Power	285.1	358.4	-20.45%	8.10%	12.8x	2.0x
Cement	31.1	42.6	-26.95%	0.88%	20.9x	3.4x
Services & Real Estate	47.5	82.6	-42.44%	1.35%	26.1x	0.9x
Engineering	603.7	780.9	-22.69%	17.15%	22.8x	2.2x
Food & Allied	125.7	134.9	-6.83%	3.57%	30.4x	10.7x
IT	67.2	87.8	-23.41%	1.91%	26.3x	2.8x
Textiles	594.1	484.8	22.55%	16.87%	20.1x	1.1x
Paper & Printing	1.3	0.8	55.66%	0.04%	NM	1.0x
Tannery	147.2	96.7	52.10%	4.18%	18.8x	3.0x
Jute	19.8	22.7	-12.94%	0.56%	NM	3.3x
Ceramics	93.4	81.7	14.32%	2.65%	25.5x	2.0x
Miscellaneous	414.1	320.1	29.37%	11.76%	27.1x	1.3x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
AB Bank	12.80	-42.08%	9,704.1	6.4x
Lankabangla Finance	26.20	-41.08%	8,963.5	11.3x
Islami Bank	22.80	-37.70%	36,707.8	8.2x
Rupali Bank	44.20	-33.23%	13,421.0	NM
Uttara Bank	24.30	-31.16%	9,722.0	6.3x
Eastern Bank	35.40	-30.72%	26,125.2	9.6x
City Bank	34.10	-29.16%	33,008.4	8.1x
EXIM Bank	12.20	-29.07%	17,229.5	5.9x
Bank Asia Ltd.	16.50	-28.57%	16,285.7	9.9x
United Airways (BD) Ltd.	4.00	-28.57%	2,749.2	14.2x

Important News: Business & Economy

Budget to see corporate tax cut, higher exemption limit

• Taxpayers are going to get some good news in the coming budget for the 2018-19 fiscal year. The tax free income ceiling for the individual taxpayers will be extended while there will be tax cuts for the corporate sector. The reduction of the corporate tax rate has been a long standing demand from businesses. The finance minister in his budget speech last year said a limited number of sectors, including non-listed banks, non-listed mobile phone operators and cigarette manufacturing companies, were paying taxes at rates more than 40%. "We plan to gradually bring the rate down to 40% for these sectors in future," he said.

<https://www.dhakatribune.com/business/2018/05/20/budget-to-see-corporate-tax-cut-higher-exemption-limit>

Government to phase out tariff value system from FY '19

• The government is set to start phasing out the tariff value system from the upcoming fiscal year (FY), 2018-19, as it is found that consumers are not getting benefit of it. The National Board of Revenue (NBR) is likely to withdraw tariff value for some consumer products in the budget for FY '19. The board has submitted a list of those for consideration of Finance Minister A M A Muhith, officials said. Following a recent instruction of the minister, the NBR conducted an analysis on a number of products under tariff value and compared their consumer prices. In the analysis, the board found a wide gap between the selling prices and the NBR-fixed tariff value of those items, they said.

<http://today.thefinancialexpress.com.bd/public/first-page/govt-to-phase-out-tariff-value-system-from-fy-19-1526579026>
<http://www.newagebd.net/article/41421/govt-moves-to-scrap-tariff-value-system>

Bangladesh government plans two VAT rates in next budget

• The government is planning to merge several value-added tax rates into at least two rates in the upcoming national budget for the fiscal year 2018-2019, finance ministry officials said. They said that finance minister Abul Maal Abdul Muhith already sought a list of VAT rates for different products and calculation of VAT collected from those sectors from National Board of Revenue. The decision may be made as part of implementation of the suspended Value-Added Tax and Supplementary Duty Act-2012 from July 2019, they added. Generally, the applicable VAT rate is 15% in the country. But, currently, there are several other truncated VAT rates ranging from 1.5% to 10% for various types of goods and services.

<http://www.newagebd.net/article/41640/bangladesh-government-plans-two-vat-rates-in-next-budget>

Trade deficit doubles in a year

• Bangladesh's trade deficit has almost doubled within 12 months, rising to USD13.20 billion at the end of March this year, according to the latest data from the central bank's Balance of Payment (BoP). The data from Bangladesh Bank showed that the trade deficit was USD7.03 billion for the July to March period of 2016-17 fiscal year, which means the year-on-year trade gap for the corresponding period was USD6.16 billion, while the deficit was USD1.47 billion in the month of March only. The central bank said the trade deficit was result of the slower growth of exports as compared to the growth of imports during the period under review.

<https://www.dhakatribune.com/business/2018/05/20/trade-deficit-doubles-in-a-year>

Five entities sign share purchase agreement with Farmers Bank

• Four state-owned banks and a financial institution have signed share purchase agreements with the Farmers Bank to inject new capital amounting to BDT 765 crore into the beleaguered bank. Sonali, Janata, Agrani, Rupali will inject BDT 165 crore each and the Investment Corporation of Bangladesh (ICB) will give BDT 55 crore as fresh equity in line with the government instruction. The signing ceremony took place at the ICB's board room in the capital on Wednesday when managing directors of the six institutions were present along with the chairman of Farmers Bank.

<https://www.thedailystar.net/business/five-entities-sign-share-purchase-agreement-farmers-bank-1577839>

Govt cuts AIT on imported LNG

• The revenue board cut advance income tax on the import of liquefied natural gas (LNG) in order to keep its prices low on the local market. The National Board of Revenue (NBR) slashed the advance tax to 2.0% from the existing 5.0% in case of LNG import. The board has issued a notification, signed by income tax policy member Kanon Kumar Roy, to make it effective. A senior official of the income tax wing said such tax on import of LNG has been reduced to facilitate the supply of energy at lower prices after re-gasification. According to the income tax ordinance, most of the imported items attract advance tax at a rate of 5.0%. The rate of Advance Income Tax (AIT) is also 2.0% for the imports of octane and petrol.

<http://today.thefinancialexpress.com.bd/first-page/govt-cuts-ait-on-imported-lng-1526748279>

Getco new strategic partner of edotco

• edotco Bangladesh ("edotco BD"), an integrated telecommunications infrastructure services company in Bangladesh has welcomed Getco, a prominent Bangladesh-based conglomerate as a 30% shareholder and strategic partner to further enhance its efforts towards the development of telecommunications infrastructure in the country.

• edotco BD currently owns and operates over 9,000 telecom towers throughout the country and over 27,000 towers across the six countries in which they have a presence. The company has been deepening its commitment over the past five years by ensuring the right sharable infrastructure is constructed and managed to enable seamless connectivity. edotco's growing partnerships with local corporations is also a testament of its commitment to drive innovation in the countries where they have operations.

<http://today.thefinancialexpress.com.bd/last-page/long-term-bond-for-retired-govt-officials-under-study-1526494014>

<https://www.thedailystar.net/business/telecom/telecom-tower-business-garners-huge-response-1577944>

Banking sector biggest downside risk to economy, says Metropolitan Chamber of Commerce & Industry

• Dhaka-based preeminent trade body MCCI has termed the country's banking sector the biggest downside risk to the economy. The review for the period of January-March of the fiscal year (FY) 2017-18 also called for strict vigilance by the central bank to bring discipline in the sector. The MCCI voiced concern over the growing income inequality in the country. The MCCI suggested combating the growing income inequality, the government has to

develop more safety net programmes for the poor. The chamber urged the government to reform the existing banking system, which it said was largely responsible for creating inequality in the country.

<http://today.thefinancialexpress.com.bd/first-page/fast-track-energy-projects-go-off-track-1526493083>

<https://www.thedailystar.net/business/banking-scams-threat-growth-potential-mcci-1577947>

High rates of return on savings tools hobbles bond market: Experts

• The yield rates on government savings instruments should be rationalised to help develop long-term securities markets in Bangladesh, experts said Thursday. They also recommended developing pension funds for all government employees along with issuing the housing mortgage bond. The suggestions came at a session on 'In Search for Long-Term Financing Instruments: The cases for Corporate Bonds, Infrastructure Bonds and Housing Finance' held at a city hotel. The session was organised on the sidelines of Bangladesh Long Term Finance Conference 2018. Dr. Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh, presided over the session.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/high-rates-of-return-on-savings-tools-hobbles-bond-market-experts-1526581335>

Bangladesh National Board of Revenue relaxes import limit on RMG raw goods already shipped

• National Board of Revenue has relaxed restriction on the import of raw materials, which have already been shipped, under free of cost scheme for readymade garment industry. Export-oriented RMG manufacturers have been allowed to release the excess raw materials, mainly fabrics, imported beyond the permissible limit under the FOC scheme. Customs wing of the revenue board on May 3 issued a special order permitting release of excess amount of raw materials on some conditions.

<http://www.newagebd.net/article/41641/bangladesh-nbr-relaxes-import-limit-on-rmg-raw-goods-already-shipped>

Finance Minister to sit with biggies on long-term financing

• Finance Minister AMA Muhith said on Thursday the state of long term financing in the country still remains 'poor,' as many banks and financial institutions choose to go for short-term and medium-term lending. Keeping that in view, he said, he will take necessary steps to improve long-term financing for the sake of development of the country's infrastructure and capital market.

<http://today.thefinancialexpress.com.bd/public/last-page/muhith-to-sit-with-biggies-on-long-term-financing-1526579643>

Chinese companies willing to build 2nd nuke power plant in BD

• China's state-owned company -- Dongfang Electric Corporation (DEC) -- wants to build the proposed second nuclear power plant in Bangladesh. A top official of the corporation said recently that the Chinese company had shown interest to build the second nuclear power plant which the government of Bangladesh is planning to set up. In November 2017, Bangladesh started the construction work of its first nuclear power plant at Rooppur of Pabna district. Russia's state-owned nuclear corporation Rosatom is implementing the project at a cost of USD 12.65 billion. According to Rosatom, the first unit at Rooppur is scheduled to go into commercial operation in 2023 while the second unit in 2024.

<http://today.thefinancialexpress.com.bd/first-page/chinese-co-willing-to-build-2nd-nuke-power-plant-in-bd-1526748220>

TV sales to jump amid World Cup fever

• Led television makers and sellers are expecting a good month of sales ahead of the 2018 FIFA World Cup Russia, which is scheduled to begin on June 14. As part of the move, companies such as Samsung, Walton, Rangs, Transcom and Singer have come up with different offers, especially discounts, to attract customers. Transcom Digital is putting up mega offers for football fans, one being discounts of BDT 2,000 to BDT 50,000, said Yeamin Sharif Chowdhury, director operations. Customers will get a code and use it to send an SMS for the discount amount.

<https://www.thedailystar.net/business/tv-sales-jump-amid-world-cup-fever-1578880>

State banks on a loan rescheduling spree

• State-run banks are fervently rescheduling loans with a view to flattering their true financial health. In 2017, Sonali, Janata, Agrani, Rupali and BASIC rescheduled loans amounting to about BDT 50.0 billion, in contrast to BDT 33.0 billion a year earlier, according to data from the central bank. Janata regularised the highest amount of loans: BDT 14.3 billion. As a result, the bank's default loan ratio came down to 14.10% at the end of last year from 16.14% in 2016. The bank's other financial indicators though deteriorated during the course of 2017. At the end of last year, it had a capital shortfall of BDT 1.6 billion, which was BDT 2.8 billion in the surplus the previous year.

<https://www.thedailystar.net/business/state-banks-loan-rescheduling-sprees-1579170>

Industries to get 2,000 new gas connections

• The textile factory owners see an increase in their productivity, as the government has finally decided to allocate 2,000 new industrial gas connections and supply adequate gas to the existing units. The move to allow new industrial gas connections after a seven-year pause comes in light of the recent import of liquefied natural gas from Qatar. The government has already approved 196 new gas connections last month for members of the Bangladesh Textile Mills Association, the platform for spinners, weavers, dyeing mill owners and other allied industries.

<https://www.thedailystar.net/business/industries-get-2000-new-gas-connections-1579176>

Compensation may increase in Bangladesh labour law

• The government and representatives of factory owners and workers have reached a consensus on raising compensation for workplace death and injury in the labour law. 'The members of the tripartite committee on preparing draft amendments to the labour law discussed the issue in most of the meetings held by the committee and agreed that the existing compensation amount is poor and it should be increased,' one of the members of the tripartite committee told New Age on Sunday. He said that the issue was also discussed in a committee meeting held on Sunday at the Labour Department office in the capital but the amount of the compensation was yet to be settled due to an absence of proper representatives of factory owners in the meeting.

<http://www.newagebd.net/article/41688/compensation-may-increase-in-bangladesh-labour-law>

Collect 15.0% VAT from payments of online ads

- The revenue authority has asked banks to collect 15% value added tax from every payment made by local firms to global tech giants for online advertisements. The Large Taxpayers Unit, Value Added Tax (LTU VAT) under the National Board of Revenue issued a letter to 17 banks and made the call in the second week of May, officials said yesterday. Those who advertise on social media and other digital media platforms usually pay bills for advertisements through their bank accounts, said LTU VAT Commissioner Md Matiur Rahman.

<https://www.thedailystar.net/business/collect-15pc-vat-payments-online-ads-1579164>
<http://www.newagebd.net/article/41690/bangladesh-nbr-asks-17-banks-to-submit-vat-receipt-data-against-ad-bills-paid-to-fb-google-others>

Tanners, bidi makers seek cut in VAT, duty

- Leaders of Bangladesh Tanners Association (BTA) on Sunday placed some proposals before the government to help promote the country's tannery industry. At a meeting with Finance Minister AMA Muhith at his secretariat office, the association leaders also demanded that the government provide them with some facilities for tanning rawhides and skins. The facilities include reduction in value added tax (VAT) on chemical import to 7.5% from existing 15%, continuation of export subsidy on leather export for five more years, providing seven to 10 years tax holiday facility to encourage investment in Leather Industrial City at Savar, and providing bond facility for Leather Industrial City.

<http://today.thefinancialexpress.com.bd/first-page/tanners-bidi-makers-seek-cut-in-vat-duty-1526838464>

Khulna 800MW power project awaits Executive Committee of the National Economic Council (ECNEC) nod

- The government has undertaken a move to set up an 800-megawatt (MW) combined cycle power plant in Khulna to meet the growing demand of power in the country, reports BSS. The 800 MW plant will be built on the abandoned land of Khulna Newsprint Mills Limited (KNM).

<http://today.thefinancialexpress.com.bd/trade-market/khulna-800mw-power-project-awaits-ecnec-nod-1526841177>

International Finance Corporation (IFC) offers USD 40 million loan to lower middle-income group

- The International Finance Corporation (IFC) has proposed investing up to USD 40 million in a state-run financial entity in the form of loans to the lower middle-income people in Bangladesh. According to its Articles of Agreement, the private sector lending arm of the World Bank (WB) needs to take prior permission from the member state concerned if it wants to finance an enterprise in the territories of that country. The IFC, according to an available note, wants to invest USD 40 million in Infrastructure Development Company Limited (IDCOL) to help it provide loans to the lower middle-income people. IFC's proposed investment will consist of a loan of up to USD 40 million equivalent in BDT. Of the total proposed loan, the IFC wants to provide USD 20 million in tranche in the next few months and the rest of investment in about a year.

<http://today.thefinancialexpress.com.bd/last-page/ifc-offers-40m-loan-to-lower-middle-income-group-1526924790>

Bangladesh Bank ups export loan ceiling for textiles, apparel makers

- The central bank has raised the loan limit of garment and textiles producers under its Export Development Fund (EDF) to help boost income from outbound shipment. It has now been decided to enhance the limit of USD 20 million to USD 25 million for member mills of the BGMEA (Bangladesh Garment Manufacturers and Exporters Association) and the BTMA (Bangladesh Textile Mills Association). An authorised dealer bank used to borrow a maximum USD 20 million from the EDF against their foreign currency financing of input procurement for member mills of the BGMEA and the BTMA. He also said such enhancement would also help increase the inflow of foreign currency slightly in the market.

<http://today.thefinancialexpress.com.bd/last-page/bb-ups-export-loan-ceiling-for-textiles-apparel-makers-1526924648>
<http://www.newagebd.net/article/41783/bb-raises-edf-loan-limit-for-apparel-businesses>

Bangladesh Bank begins special probe into 'misreporting' of forex rate

- The central bank has started carrying out a special inspection to detect irregularities relating to foreign exchange reporting by the commercial banks. Three inspection teams of Bangladesh Bank (BB) started on-site inspection Sunday to find out alleged 'misreporting' on foreign exchange rate to the central bank by some banks. Besides, overall inflow and outflow of the foreign exchange of the banks concerned have also been probed to assess the actual position on the foreign exchange of the banks. The teams have been assigned to conduct such allegation against six banks initially. The BB's latest move came against the backdrop of allegations that some banks are trying to mislead the central bank with 'untrue information' about foreign exchange rates offered particularly to the importers.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-bank-begins-special-probe-into-misreporting-of-forex-rate-1526874049>

Huge loans written off to flatter balance sheets

- Banks made wholesale loan write-offs in the final quarter of 2017 in a bid to flatter their balance sheets and overall performance. As much as BDT 18.75 billion was written-off between October and December of last year, in contrast to BDT 3.22 billion three months earlier. Of the 25 banks that took the facility to clean up their balance sheets, AB Bank topped the chart writing off BDT 3.28 billion, followed by Prime Bank (BDT 2.06 billion) and IFIC Bank (BDT 1.52 billion), according to data from the Bangladesh Bank. With the latest update, a total of BDT 481.92 billion has been written-off between January 2003 and 2017. Of the amount, 78.13% remained outstanding, meaning that banks' efforts to recover the loans did not pay off.

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<https://www.thedailystar.net/business/huge-loans-written-flatter-balance-sheets-1579852>

Banks demand slash in interest rates on savings certificates

• In an effort to address a liquidity crisis, private banks demanded that the government lower interest rates on savings certificates. Bangladesh Association of Banks (BAB), an organization of private bank owners, thinks the move will ease the liquidity crisis and reduce the double-digit lending rate. It has already sent a letter to Finance Minister in this regard. The association leaders are also expected to meet the minister soon to discuss the matter. According to a Bangladesh Bank report, interest rate on loans rose more in March than in February. Recently, in a letter to the finance ministry, the central bank said high interest rate on savings certificates is breaching discipline in the banking sector.

• Sources at the National Board of Revenue said the interest rates on savings certificates might be reduced to 2%. A number of changes are also being made in the regulations of investment in the savings certificates. The interest rates were lowered up to 2% in May 2015. However, economists say there is no guarantee that this move will revitalize the banking sector. According to Bangladesh Bank data, savings certificates worth BDT 601.25 billion were sold between July and March of the 2017-18 fiscal. During this period, the government took BDT 367.09 billion as net loan from the savings certificates, which is 121.75% of the target.

<https://www.dhakatribune.com/business/2018/05/22/banks-demand-slash-in-interest-rates-on-savings-certificates>

Bangladesh Bank okays manual for issuing new treasury bond

• The central bank has approved a manual for the floating rate treasury bond (FRTB), paving the way for issuing such a debt instrument in the country. The maturity of the bond will be more than one year. The government will fix it from time to time. The coupon rate will be expressed as a summation of the BCR and the spread, which is determined through auction. The coupon rate determined in auction will be fixed for the first quarter and reset on every coupon payment day for the next quarter, according to the BCR of that day. On the basis of the bids received in auction, the cut off rate will be determined by the auction committee.

<http://today.thefinancialexpress.com.bd/print/bb-okays-manual-for-issuing-new-treasury-bond-1527010862>

<http://www.newagebd.net/article/41866/bangladesh-government-to-issue-floating-rate-bond-for-deficit-financing>

Remittance using mobile financial services rises in March

• Inward remittance using mobile financial services (MFS) has increased by 20.8% to BDT 66.2 million in March, compared to February's BDT 54.8 million, according to the latest Bangladesh Bank data. The central bank revealed the data on Wednesday that shows a total transaction through MFS also rose by 10.2% to BDT 313.39 billion in March, from BDT 284.55 billion in February. At present, 17 of the 19 banks granted permission to run MFS are providing services and of these, Brac Bank's bKash, and Dutch Bangla Bank's Rocket, topped the list in service providing.

• According to the central bank data, the daily average transaction, however, declined by 0.5% to BDT 10.11 billion in March, while it was BDT 10.16 billion in February. The number of total transactions made in March was 181 million, while in February, 16.2 million transactions were made through mobile banking. At the end of March the number of total

MFS users reached 60.10 million, while the number of active users was 20.30 million. Industry insiders said the Bangladesh Bank move hardly had any negative impacts on the overall volume of MFS transactions as users who previously used 10 SIMs for their transactions, now have 15-20 SIMs.

<https://www.dhakatribune.com/business/2018/05/23/remittance-using-mobile-financial-services-rises-in-march>

Pharma ingredient-makers to get corporate tax holiday till 2032

• Active pharmaceutical ingredients (API) and laboratory reagents manufacturers of the country will get corporate tax holiday till 2032 along with a set of other incentives, according to a national policy on the sector. The commerce ministry published the National Active Pharmaceutical Ingredients (API) and Laboratory Reagents Production and Export Policy on Sunday after getting approval of the government high-ups. The policy comes into force immediately, the ministry said in a notification. The government will offer the benefits to encourage local production of API, the main raw material for all types of drugs, with a view to reducing the prices of medicines and boosting export.

• The aim of the policy is to reduce dependency on import of API, increase local production, diversify export and attract additional USD 1 billion foreign direct investment in the sector. Currently, local industries meet 98% of domestic demand for medicine, according to the preamble of the policy. In 2017 the total turnover of the sector surpassed BDT 160.00 billion in local market, which was only BDT 1.70 billion in 1982 when the pharmaceutical industry in the country was at an infant stage. In addition, Bangladesh-made medicines are being exported to over 100 countries.

• Currently, local entrepreneurs need to import more than 95% of raw materials from China, Korea and India to meet the domestic demand. Self-efficiency in producing quality API would help the sector sustain beyond TRIPS [Agreement on Trade-Related Aspects of Intellectual Property Rights] regime under which Bangladesh as a least developed country (LDC) is exempted from obligation of IPR issues including patent up to 2032. As per the policy, locally registered producers of API and laboratory reagents, including joint venture companies, will get unconditional tax holiday or 100% corporate tax exemption, till fiscal year 2021-2022.

• Tax holiday will be extended till 2032 for companies which will produce at least five API molecules every year. If a producer can manufacture at least three API molecules every year, it will get 75% tax exemption till 2032. Entrepreneurs will also enjoy exemption from paying advance income tax (AIT), value-added tax and VAT deduction at source on purchase and sales of raw materials and spare parts till 2032. Manufacturers will also get duty-free facility in import, priority in getting land allocation at the government's special economic zones and export processing zones. The government will also provide 20% cash incentive on export of API and laboratory reagents.

<http://www.newagebd.net/article/41935/pharma-ingredient-makers-to-get-corporate-tax-holiday-till-2032>

Institute of Chartered Secretaries of Bangladesh (ICSB) for reducing corporate tax rate

• Institute of Chartered Secretaries of Bangladesh (ICSB) has proposed to reduce the rate of corporate tax to a reasonable level in the upcoming national budget for attracting both

local and foreign investments. The institute also recommended reducing the income tax rate of individual taxpayers from existing highest slab of 30% to 25%, which would help expand the tax net and increase revenue collection.

<http://today.thefinancialexpress.com.bd/stock-corporate/icsb-for-reducing-corporate-tax-rate-1527092829>

Important News: Capital Market

Global Reporting Initiative (GRI) signs deal with DSE to help improve listed companies' reporting standard

• GRI (Global Reporting Initiative), Netherlands, has signed a memorandum of understanding (MoU) with Dhaka Stock Exchange (DSE) to provide training to local stakeholders so that listed companies follow the standards of sustainability reporting. The MoU was signed at a city hotel on Sunday in presence of the representatives of the premier bourse, GRI, and Bangladesh Securities and Exchange Commission (BSEC). GRI is an independent international organisation that has pioneered sustainability reporting since 1997. GRI was founded in Boston in 1997. The GRI Sustainability Reporting Standards (GRI Standards) are the first and most widely adopted global standards for sustainability reporting.

<http://today.thefinancialexpress.com.bd/stock-corporate/gri-signs-deal-with-dse-to-help-improve-cos-reporting-standard-1526834308>

Renata to set up UK subsidiary

• Renata Limited, a pharmaceutical and animal health products manufacturer, will establish a subsidiary company in the UK after fulfilling necessary regulatory requirements to export products to the countries of European Union. The name of the subsidiary will be Renata (UK) Limited as the company's board of directors approved a proposal in this regard, according to an official disclosure on Thursday. Earlier in January 18, the company informed that two factories-the Potent Product Facility at Mirpur and the General Facility at Rajendrapur-had approved by the Medicines and Healthcare products Agency (MHRA) of the UK.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/renata-to-set-up-uk-subsi-dary-1526581427>

IDLC Investments to act as issue manager for Super Star IPO

• Super Star Electrical Accessories Limited, a concern of Super Star Group, has recently signed an issue management agreement with IDLC Investments Limited to raise capital through initial public offering (IPO), according to a statement. The company manufactures and markets electrical accessories like switches, sockets, energy meters, and circuit breakers. Along with electrical equipment and accessories business, the group has a foothold in other industries like renewable energy, real estate, engineering, paper, agro, and telecom.

<http://today.thefinancialexpress.com.bd/stock-corporate/idlc-investments-to-act-as-issue-manager-for-super-star-ipo-1526745673>

FMO's largest syndication deal with ONE Bank Limited (OBL)

• ONE Bank Limited (OBL) has recently inked a 5-year Term Loan deal for USD 80 million with a consortium of European DFIs (Development Financial Institutions) through a consortium led by FMO, the Dutch Development Bank. It is participated by Proparco, OeEB and Norfund- French, Austrian and Norwegian DFIs, said a statement. This has been FMO's largest syndication deal with a Bangladeshi bank. RSA Advisory Limited was the Advisor and Co-Arranger to the transaction. The Fund will be utilized through ONE Bank's Offshore Banking Unit (OBU) for Green, SME and Corporate finances. Almost simultaneously, IFC- the commercial arm of the World Bank has extended a WCS facility of USD 30 million to OBL. IFC is also processing further facilities to OBL such as 5-year Term Loan of USD 20 Million for Green Projects and another Non Funded Trade Finance facility of USD 30 million. This will enable the Bank to execute larger trade finance transactions for the country's importers and exporters.

<http://today.thefinancialexpress.com.bd/trade-market/fmos-largest-syndication-deal-with-bd-bank-1526743898>

Bangladesh Petroleum Corporation (BPC) fears BDT 80.0 billion loss in next FY

• The Bangladesh Petroleum Corporation (BPC) fears incurring a loss of about BDT 80 billion in the upcoming fiscal year because of selling fuel oil at lower rate than import price, officials said. To cope with its financial loss, the BPC has recently requested the government to set aside a budgetary allocation as subsidy for the corporation, they added. However, the BPC has suggested the government not to raise the petroleum prices in the domestic market immediately. But it opined that if the petroleum prices can be re-fixed on monthly or daily basis like neighbouring countries, such a big loss can be avoided. The BPC in a letter to the energy division, which later was forwarded to the ministry of finance, said the petroleum prices were last reduced in the domestic market in April 2016.

<http://today.thefinancialexpress.com.bd/public/last-page/bpc-fears-BDT-80b-loss-in-next-fy-1526666283>

Pubali Bank elects vice chairmen

• The Pubali Bank board of directors has recently elected two vice chairmen. Of the duo, Moniruddin Ahmed and Syed Moazzem Hussain, the latter has also been elected executive committee chairman, the bank said in a statement yesterday. Hussain is also chairman of Prince Corporation and Moazzem Knit and Dyeing Industries while Ahmed founder chairman of Monir Ahmed Academy in Sylhet and chairman of Pubali Bank Securities.

<https://www.thedailystar.net/business/pubali-bank-elects-vice-chairmen-1579155>

Asian Paints to set up 2nd plant at Mirsharai Economic Zone

• Asian Paints, a multinational paint manufacturer, is planning to set up a modern paint manufacturing facility at Mirsharai Economic Zone in Chittagong, its Country Head in Bangladesh Ritesh Doshi has revealed. The construction of the state-of-the-art plant will start by December this year and once completed, this will be Asian Paint's second manufacturing facility in Bangladesh, Doshi said in an exclusive interview with the FE. Bangladesh's paint market has seen exponential growth in recent decades due to the boom in real estate business and infrastructure development. The total market size for paints in the country is estimated to be around BDT 35 billion, which is growing at an annual rate of 8.0 to 10%.

<http://today.thefinancialexpress.com.bd/trade-market/asian-paints-to-set-up-2nd-plant-at-mirsharai-ez-1526840740>

Rupali, Mercantile banks allowed to float bonds worth BDT 9 billion

• The Bangladesh Securities and Exchange Commission on Monday allowed Mercantile Bank and Rupali Bank to float unsecured subordinated rate bonds worth BDT 9.00 billion in total. As per the BSEC approval, Mercantile Bank will float unsecured subordinated floating rate bond worth BDT 3 billion and Rupali Bank will also issue bond worth BDT 6 billion. The face value of each unit of Mercantile Bank's bond will be BDT 0.1 million while the face value of Rupali Bank's bonds will be BDT 1 million each. The bonds to be issued by the two banks will be fully redeemable in seven years. Only corporate bodies, financial institutions, eligible investors and high net worth individuals will be allowed to subscribe the bonds through the private placement. The banks will fulfill the requirement for Tier II Capital Base by raising capital through the bond issue. Green Delta Insurance Company is the trustee of both of the banks' bonds.

<http://www.newagebd.net/article/41787/rupali-mercantile-banks-allowed-to-float-bonds-worth-BDT-900cr>

Subscription hits 9-time high, lottery on May 30

• Bashundhara Paper Mills, a concern of Bashundhara Group, will hold IPO lottery on May 30 to allocate shares among the successful general applicants. The company's initial public offering (IPO) hit more than nine-time higher than the shares earmarked for the general investors. The company raised BDT 2.0 billion, by floating more than 26 million ordinary shares, of which 15.62 million shares or 60% is reserved for the eligible investors at BDT 80 each as per the book-building method. Remaining 10.40 million shares or 40% will be issued to the general shareholders, including non-resident Bangladeshis, at 10% discount on cut-off price, meaning the general investors will get the company's share at BDT 72 each.

<http://today.thefinancialexpress.com.bd/stock-corporate/subscription-hits-9-time-high-lottery-on-may-30-1526920432>

Most banks see EPS fall

• Some 18 of the 30 listed banks saw their earnings per share (EPS) plummet in the first quarter of the year because of huge provisioning against default loans. One, AB, Al Arafah, City, Dhaka, Eastern, First Security, Islami, Mercantile, National, Prime, Rupali, Shahjalal, Southeast, Standard, Trust and Uttara saw their EPS decline, according to data from the Dhaka Stock Exchange. On the other hand, ICB Islami saw higher losses this quarter. Ten banks though saw their EPS grow. Pubali is yet to announce their EPS.

• A former deputy governor of the Bangladesh Bank said that the banking sector had to keep huge provisioning in the first quarter as the classified loans are soaring. Those with higher classified loans saw their EPS decline mostly. On the other hand, many banks could not disburse new loans in the first quarter as they have already reached their loan-deposit ratio, so profits were hampered, he added. Huge competition to attract deposits is another reason for the decline in banks' EPS in the quarter. Banks are offering higher interest on deposits but the lending rate is yet to rise proportionally, so the spread declined this quarter and with it, the EPS. For instance, in March banks' spread stood at 4.34 percent, in contrast

to 4.62 percent a year earlier.

<https://www.thedailystar.net/business/most-banks-see-eps-fall-1580287>

Most energy cos report better earnings in January-March quarter

• Most of the listed companies under fuel and power sector reported increased earnings per share (EPS) for the January-March (Q3) quarter of 2018 compared to the same period of previous year. Out of the 19 companies under the sector, three reported positive EPS for the quarter against the losses the companies incurred in the same period of the previous year. Linde Bangladesh has reported EPS of BDT 17.45 for January-March, 2018 as against BDT 16.16 for January-March 2017 while MJL Bangladesh has reported consolidated EPS of BDT 2.13 against BDT 1.96

<http://today.thefinancialexpress.com.bd/stock-corporate/most-energy-cos-report-better-earnings-in-jan-mar-quarter-1527092891>

National, Islami in desperate bid

• National Bank and Islami Bank Bangladesh went on a loan rescheduling spree in 2017, in what can be viewed as a stunning example of financial engineering to cover up their ailing financial health. Of the BDT 191.20 billion rescheduled by the 57 banks in 2017, the two first-generation banks accounted for 39%. National Bank rescheduled BDT 43.33 billion and Islami Bank BDT 30.99 billion. In a brazen move, National rescheduled BDT 40.11 billion in the final quarter of 2017 without following Bangladesh Bank instructions properly.

• As per Bangladesh Bank (BB) rules, to reschedule a loan a bank must take 5 to 15% as down payment for the outstanding loans. The down payment requirement will increase to 50% if the defaulted loan is rescheduled for the second or third time. In case of a waiver from down payment or relaxing the repayment period, a bank must take prior approval from the BB for rescheduling the loan. National Bank had taken the BB's permission to reschedule a maximum of BDT 5.00 billion, meaning it rescheduled an additional BDT 35.11 billion in the final quarter of last year, according to BB officials.

• But in so doing, National was able to slash its total default loans down to BDT 16.11 billion from BDT 30.27 billion a quarter earlier. And with it, its provisioning requirement also lessened. Still it was not enough to prevent National from logging in a 14.44% decline in net profits from a year earlier: BDT 4.80 billion. Still it was not enough to prevent National from logging in a 14.44% decline in net profits from a year earlier: BDT 4.80 billion. Islami Bank usually reschedules non-performing loans in the last quarter of a year to book higher profit by averting provisioning against bad loans, said deputy managing director of the bank.

<https://www.thedailystar.net/business/national-islami-desperate-bid-1580845>

Dragon Sweater to issue rights shares

• The board of directors of Dragon Sweater and Spinning Ltd has decided to issue rights shares for mobilizing more than Tk 881 million to expand the company's existing capacity. The company will offer two rights shares for existing three shares at Tk 10 each, according to a disclosure on Wednesday. The company's share price fell 9.36 % to close at Tk 18.40 each on the day, following the disclosure. The offer for rights share is, however, subject to approval by the shareholders at an extraordinary general meeting (EGM) as well as Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities.

- The EGM is scheduled to be held on July 2 and record date for the EGM is on June 6. Another record date will be declared for issuance of rights shares after getting approval from the BSEC. Listed with the stock exchanges in 2016, Dragon Sweater raised Tk 400 million through initial public offering (IPO) for importing machinery, civil construction of building, installation and transportation of spare parts, meeting the working capital requirement and IPO expenses. The company's un-audited earnings per share (EPS) stood at Tk 0.66 for January-March 2018 as against Tk 0.16 for January-March 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/dragon-sweater-to-issue-rights-shares-1527090012>

Rumours stoke up stocks of Queen South, Legacy Footwear

- The share prices of Queen South Textile and Legacy Footwear almost doubled in the last one month for no apparent reason, in a puzzling development given the ongoing bear run in the market. The DSEX, the benchmark index of the Dhaka Stock Exchange, fell 452 points, or 7.77%, to 5,361.09 in the last one month. And yet, Queen South Textile's share price more than doubled to BDT 55.10, though it saw a trivial correction yesterday.
- But market insiders said there is a rumour going round that directors of Queen South Textile are Chinese, so when the Chinese institutional investors eventually enter the market by way of DSE's new strategic partners, this company would be chosen by them for investment. The four sponsor directors of Queen South Textile are from Hong Kong: Wong Jammy Kwok Chan (managing director), Wong Kwok Chun (chairman), Wong Elisa Dai Wah (director) and Lee Hung Chun (director).
- It is the same case with Legacy Footwear, which saw its share price soar 60% in the last month to BDT 84.50. Market insiders said there is a rumour that Legacy Footwear will merge with a shoemaker, but the company has dismissed it. Still, investors are hankering to buy the stock at a high price. The company's EPS was BDT 0.56 in the first quarter of the year, which was BDT 0.04 in the negative a year earlier.

<https://www.thedailystar.net/business/rumours-stoke-stocks-queen-south-legacy-footwear-1580836>

Atlas-TVS to tie up for motorcycle assembling

- Following the footprints of a number of Indian brands like Hero and Ashok Layland, Indian TVS would assemble its motorcycles in Bangladesh with a view to getting tax benefits and becoming more competitive in the market. To assemble TVS-branded motorcycle in Bangladesh, TVS Auto Bangladesh would sign an agreement with state-owned Atlas Bangladesh Limited today. An industry ministry media invitation said that a memorandum of understanding between TVS Auto Bangladesh and Atlas Bangladesh, also a listed company at the Dhaka Stock Exchange, would be signed on Thursday (today). Under the MoU, Atlas Bangladesh would assemble motorcycles for TVS.
- Atlas Bangladesh assembled Hero-branded motorcycles for a period of time before Hero MotoCorp signed an agreement with Nitol Niloy Group in April, 2014 in this connection. The state-owned entity is now manufacturing motorcycles for a Chinese brand. Meanwhile, Japanese brand Honda has already set up its plant at the Abdul Monem Economic Zone in Munshiganj with the aim of starting production of motorcycles by this year.

<http://www.newagebd.net/article/41940/atlas-tvs-to-tie-up-for-motorcycle-assembling>

