

Bangladesh Securities and Exchange Commission
Enforcement Division
Market, Market Intermediaries and Other Affairs Section
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বিএসইসি/এনফোর্সমেন্ট/৩৪২০/২০২৩/৯১০

তারিখঃ আগস্ট ০৬, ২০২৫

Mr. Reaz Islam, Director, Chief Executive Officer,
Chief Investment Office and Member, Investment Appraisal Committee
LR Global Bangladesh Asset Management Company Limited
I-K Tower, 4th Floor, Plot No.2, Block-CEN (A)
Gulshan North Avenue, Gulshan-2 Dhaka-1212.

বিষয়: আদেশ।

কমিশনের আদেশ নং-বিএসইসি/এনফোর্সমেন্ট/৩৪২০/২০২৩/ ৯১০ তারিখঃ আগস্ট ০৬, ২০২৫ আপনার অবগতি ও
প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য এতদসঙ্গে সংযুক্ত করা হলো।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের পক্ষে



মো: ইউসুফ ভূইয়া

অতিরিক্ত পরিচালক

ফোন: ৮৮০২৪৪৮২৬৫৩৯

ই-মেইল: yusuf@sec.gov.bd

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আদেশ

যেহেতু, Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) এর Section 2(cc) মোতাবেক 'Commission' অর্থ Bangladesh Securities and Exchange Commission যা বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ (১৯৯৩ সালের ১৫ নং আইন) এর ক্ষমতাবলে প্রতিষ্ঠিত (অতঃপর "কমিশন" বলে উল্লিখিত);

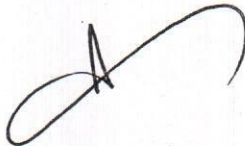
যেহেতু, সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ এর উপ-বিধি ২(ধ) মোতাবেক LR Global Bangladesh Asset Management Company Limited ("LR Global"), 'সম্পদ ব্যবস্থাপক' হিসাবে অভিহিত;

LR Global Bangladesh Aseet Management Company Limited কর্তৃক ব্যবস্থাপনাকৃত ৬টি Mutual Fund হতে ৪৯ কোটি টাকা বিধি বহির্ভূত ভাবে দুর্বল আর্থিক ভিত্তি সম্পন্ন BDnews24.com এর শেয়ার ক্রয় বাবদ বিনিয়োগ করার মাধ্যমে শেয়ার হোল্ডারদের স্বার্থ ক্ষুণ্ণ করার বিষয়ে তদন্ত করার জন্য কমিশন এর আদেশ নং বিএসইসি/এএমএল অ্যান্ড সিএফটি/২০২১/২৬২ তারিখ অক্টোবর ২৭, ২০২১ এর আলোকে একটি তদন্ত কমিটি গঠন করে।

এবং উক্ত তদন্ত কমিটির দাখিলকৃত প্রতিবেদন অনুযায়ী findings and violations নিম্নরূপ:

The investigation team have collected relevant papers & documents, Financials statements, Mutual fund positions and valuation report and correspondences between buyer and seller. After analyzing, scrutinizing the relevant securities laws, papers and document and information provided by the concerned parties relating to this investigation, it appears that:

- a) LR Global Bangladesh Asset Management Company Limited being an Asset Management Company ("AMC") invested BDT 49.00 crore as equity securities in shares of bdnews24.com against the purchase of 39,200 nos. shares@ BDT 12500 each share (including premium of BDT 12,400 each shares) from the accounts of the different funds under its management.
- b) LR Global Bangladesh Asset Management Company Limited being an Asset Management Company ("AMC") invested BDT 1.00 crore as equity securities in shares of bdnews24.com against the purchase of 800 shares at their discretion and their own valuation;
- c) The financial position of the company (Bangladesh News 24 Hours Ltd.) as per audited Financial Statements for 2017, 2018 and 2019 is tabulated as follows:



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Year	Paid up capital	Fixed assets	Current Assets	Total assets	Liabilities	Profit (Current year)	Cumulative profit /(Loss)	Equity
2017	10.00	10.76	88.71	99.47	98.56	(12.94)	(9.09)	0.91
2018	10.00	9.58	88.56	98.14	123.04	(25.96)	(35.04)	-25.04
2019	10.00	8.68	102.64	111.32	155.42	(13.97)	(54.10)	-44.10

d) The performance of the company (Bangladesh News 24 Hours Ltd.) was incurring losses consistently having accumulated losses as per audited Financial Statements for 2017, 2018 and 2019, which is tabulated as follows:

Particulars	For the year		
	30-Jun-2019 (BDT)	30-Jun-2018	30-Jun-2017
Sales	112,592,622.00	106,155,473.00	127,664,925.00
Add. Bank Interest	19,228.00	12,778.00	19,445.00
Total Income	112,611,851.00	106,168,251.00	127,684,370.00
Less: Administrative and General Expense	126,580,420.00	132,124,623.00	140,627,611.00
Gross Profit	(13,968,569.00)	(25,956,372.00)	(12,943,241.00)
Net Profit	(13,968,569.00)	(25,956,372.00)	(12,943,241.00)

- e) Dividend Declared: BDnews24.com has not declared any form of dividend, cash or stock, since 2017.
- f) The net worth per share is BDT -441.04 , BDT -250.44 and BDT 9.12 for the years 2019, 2018 and 2017 respectively against BDT 100 per share
- g) Whereas the LR Global Bangladesh Asset Management Company Limited invested the amount at the rate of BDT12,500/per share of bdnews24.com at their own assessment and valuation which was based on financial valuation models (DCF) and some assumptions on potentialities upon investment of these funds;
- h) Mentionable here that, as per hearing of Mr. Reaz Islam , there is no requirement for LRGlobal to take approval from its trustee before making any investment and Investment Appraisal Committee, which consists of the following members, takes the investment decision:
- Reaz Islam, Chief Investment Officer
 - George Stock, CPA, Director
 - Md. Monowar Hossain, Head of Legal & Compliance
- i) Chief Investment Officer is the Head of the Committee and takes the decision on investment after the discussion. As such, the Asset Manager LR Global Bangladesh Asset Management Company Limited, and members of its Investment Appraisal Committee are also liable for their deeds whatever mentioned in the contract as per

Relevant provisions of the সিকিউরিটিজ ও ব্রকিং কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১



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The relevant provisions of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ are quoted below:

বিধি ৫৫ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১: "বিনিয়োগের উদ্দেশ্য।- (১) উপ-বিধি (২) এ বর্ণিত শর্ত সাপেক্ষে মিউচুয়াল ফান্ডের কোন স্কীমের অধীন সংগৃহীত অর্থ কেবলমাত্র স্টক এক্সচেঞ্জে তালিকাভুক্ত সিকিউরিটিজ, প্রাথমিক সিকিউরিটিজ (IPO) এবং অর্থ বাজারে হস্তান্তরযোগ্য সিকিউরিটিজে বিনিয়োগ করা যাইবেঃ

তবে শর্ত থাকে যে, কমিশনের সম্মতি প্রাপ্ত কোন প্রাথমিক সিকিউরিটিজ ইস্যুকারী কোম্পানীর সিকিউরিটিতে প্রাক-আইপিও (Pre-IPO) প্লেসমেন্ট ও ইহার অন্তর্ভুক্ত হইবে।

১(২) উপ-বিধি (১) এ উল্লিখিত অর্থের অন্ততঃ শতকরা ষাট ভাগ (৬০%) অর্থ পুঁজিবাজারে বিনিয়োগ করিতে হইবে যাহার মধ্যে অন্ততঃ অর্ধেক অর্থ স্টক এক্সচেঞ্জে তালিকাভুক্ত সিকিউরিটিজে হইতে হইবেঃ

তবে শর্ত থাকে যে, মিউচুয়াল ফান্ডের কোন অর্থ ঐ ফান্ডের কোন স্কীমে বিনিয়োগ করিতে হইলে সেই ক্ষেত্রে বিনিয়োগের পরিমাণ ও সময় উল্লেখপূর্বক বিনিয়োগের অন্ততঃ সাত দিন পূর্বে সম্পদ ব্যবস্থাপক কর্তৃক লিখিতভাবে কমিশন ও সংশ্লিষ্ট স্টক এক্সচেঞ্জকে জানাইতে হইবেঃ

আরও শর্ত থাকে যে, পুঁজিবাজার বহির্ভূত বিনিয়োগের ফলে সৃষ্ট পত্রকোষের গঠন (Composition of Portfolio) সম্পর্কিত বিশদ প্রতিবেদন ত্রৈমাসিক ভিত্তিতে কমিশনে দাখিল করিতে হইবে।"

বিধি ৫৬ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১: "বিনিয়োগে বাধানিষেধ।- সম্পদ ব্যবস্থাপক বিনিয়োগ সিদ্ধান্ত গ্রহণের পূর্বে সংশ্লিষ্ট সিকিউরিটিজের যথাযথ আর্থিক অবস্থা বিশ্লেষণ পূর্বক বিনিয়োগ সিদ্ধান্ত গ্রহণ করিবে এবং বিধি ৫৫ অনুসারে কোন বিনিয়োগ পঞ্চম তফসিল এ বর্ণিত বাধানিষেধ সাপেক্ষে করিবে।"

বিধি ৩৩(৭) of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১: "কোন চুক্তিতে যাহাই থাকুক না কেন, কোন সম্পদ ব্যবস্থাপক বা উহার পরিচালক বা কর্মকর্তা স্ব স্ব পদে নিয়োজিত থাকাকালীন সময়ে নিজ নিজ কর্ম বা বিচ্যুতির জন্য মিউচুয়াল ফান্ডের প্রতি স্ব স্ব দায় দায়িত্ব হইতে অব্যাহতি পাইবে না"

Response by the involved parties in hearing:

In the written hearing by the investigation committee, Mr. Reaz Islam, Chief Investment Officer of LR Global Bangladesh Asset Management Company Limited Bangladesh Asset Management Company Limited gave the following response when asked about the rationale of their decision for investing BDT 49 crore in BDNews24.com:

Quoted

We have invested in this company with the expectation that the share price of the said company shall materially increase in the future upon execution of the business plan and also our expected exit either via secondary trade and/or planning IPO (Initial Public Offerings). We also had our plan to sit in the Board of the Company by nominating 2 Members so that we could take part in the decision-making process of the Company. We also had a plan to appoint a CFO to monitor their business actions and implement our business plan & strategies to achieve the objective of our investment. We had our plan to run their bank accounts jointly by nominating one signatory from our end. This is how we planned to secure the interest of the Unit Holders of our managed Mutual Funds from this investment.

Unquoted



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However, the investigation committee also asked about which report LR Global Bangladesh Asset Management Company Limited used for valuation purpose. In response, Mr. Reaz Islam answered :

Quoted

"We have done the due diligence of the company before making the said investment. As a part of our due diligence, we received a valuation report conducted by BRAC EPL Investment Ltd from bdnews24. BRAC EPL evaluated the company and determined the price per share of the said company as BDT 37,100.00 each.

We have considered that valuation report and conducted our own valuation on a very conservative approach. After conducting our own valuation, the share price of BDNEWS24 was 14,965 but after a detailed evaluation of the financials, evaluation of the business plan, management team, and lengthy negotiation with the Company, we agreed to buy at the rate of BDT 12,500 per share."

Unquoted

Following question and answer are relevant from hearing of Mr. Reaz Islam

Quoted

Question: Which valuation report did you use for this investment purpose?

Answer:

We have done the due diligence of the company before making the said investment. As a part of our due diligence, we received a valuation report conducted by BRAC EPL Investment Ltd from bdnews24. BRAC EPL evaluated the company and determined the price per share of the said company as BDT 37,100.00 each.

We have considered that valuation report and conducted our own valuation on a very conservative approach. After conducting our own valuation, the share price of BDNEWS24 was 14,965 but after a detailed evaluation of the financials, evaluation of the business plan, management team, and lengthy negotiation with the Company, we agreed to buy at the rate of BDT 12,500 per share.

Unquoted

The investigation committee also asked Mr. Syed Rashed Hussain, Chief Executive Officer, BRAC EPL Investments Limited about their valuation report and Mr. Syed Rashed Hussain provided the following information:

Quoted

Question:

Whether have you submitted any valuation report to BDNews24.com or LR Global Bangladesh Asset Management Company Limited Bangladesh Asset Management Company? Was the report duly authenticated? If not, why?



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Answer:

BEIL never submitted any valuation report to LR Global Bangladesh Asset Management Company Limited. BEIL had no correspondence with LR Global Bangladesh Asset Management Company Limited regarding this deal.

A draft valuation report or information memorandum was shared by BEIL to BDNews24.com as one of many working drafts; which were pre-contractual works done as a normal business practice in order to secure a mandate and was subject to further due diligence once the mandate was secured.

The draft valuation report or information memorandum was not duly authenticated. As per normal practices, we only provide company seals and signatures to final reports.

As the shared valuation report or information memorandum was only draft for discussion purposes pending formal appointment of BEIL by BDNews24.com, it does not bear the authentication. Due to the fact that no engagement letter or contract was eventually signed between BEIL and BDNews24.com, BEIL was never appointed as the Valuer/Arranger and as BEIL was never appointed, the due diligence exercise was never completed and the final report was neither issued or duly authenticated.

Moreover, as the valuation report or information memorandum was not a final version BEIL shared the draft report with the following disclaimer at the very beginning of the report:



bdnews24.com

Disclaimer

This prepared Information Memorandum ("IM") on Bangladesh News 24 Hours Ltd ("bdnews24.com or the Company") in connection with the proposed capital raising in the form of private equity has been compiled by the Structured Finance department of BRAC EPL Investments Limited ("BEIL"), with a view to assisting the investors in assessing the merits of the offer.

The information, opinions and projections contained in this Information Memorandum have been supplied by bdnews24.com. bdnews24.com has confirmed by the Corporate Advisor and Arranger, BEIL, to the best of its knowledge and belief and except as otherwise provided in this Information Memorandum, such information is true and fair in all material respects as of June 2019, that all such projections are fairly made having regard to the circumstances and necessary assumptions and that the Information Memorandum does not consciously omit any information such that its omission would make this Information Memorandum or any information contained herein inaccurate, untrue or misleading in any material respect.

BEIL in its role as Corporate Advisor and Arranger has not independently verified all the information, opinions referred to in the IM. No representation or warranty, expressed or implied, is given by the BEILs as to the completeness or accuracy thereof or of any further information, opinions or projections that may be supplied in connection with the Offer. This IM is not, and should not be considered as, a recommendation by BEIL and that any recipient of this IM participating in the Offer should make its own independent appraisal of, and investigation into the financial information, conditions, creditworthiness, affairs, status and nature of bdnews24.com as the basis of any investment decision.

At the request of bdnews24.com, this Information Memorandum is being distributed to selected investors. The information in this Information Memorandum is strictly confidential and should not be reproduced or used in whole or in part for any purpose whatsoever other than for the purpose of determining whether to participate in the Offer, without the written permission of bdnews24.com and BEIL. If at any time any such reproduction or use is made, and any of BEIL or bdnews24.com suffers loss, damage or liability of any kind arising out of or in connection with any such reproduction or use, the recipient found to be involved in breaching the restrictions on reproduction or use of this IM shall indemnify BEIL and/or bdnews24.com from and against such loss, damage or liability.

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In the cases of final report, the disclaimer is changed and BEIL would have confirmed conducting the independent due diligence and all interested buyers would have been asked to get in contact with the Deal team members of BEIL for any queries/ clarification and for any discussion. Furthermore, no written permission of BEIL was taken before the transaction took place between BDNews24.com or LR Global Bangladesh Asset Management Company Limited.

In addition to the above, please kindly note that as BEIL was never appointed as the valuer we did not issue any invoice or receive any remuneration as the terms of our scope of work and remuneration for work would have been specified in a formal engagement letter which was never prepared or signed.

Unquoted

As per the findings of the Investigation committee, the valuation report provided by BRAC EPL was a draft valuation report and it was not duly signed by appropriate authority of BRAC EPL. Moreover, the NDA agreement under which the draft valuation report was communicated to BDNEWS24.com was expired in 2017.

However, as LR Global Bangladesh Asset Management Company Limited took the investment decision mainly based on their own separate valuation.

The paid premium of BDT 12,400 per share is abnormally high, although the bdnews24.com is a financially weak company which made loss of BDT 1,39,68,569, 2,59,56,372 and 1,29,43,241 in the year 2019, 2018 and 2017 respectively. It seems that LR Global Bangladesh Asset Management Company Limited as AMC was not prudent and didn't consider the financial health of bdnews24.com at the time of taking such investment decision for mutual funds, which is not consistent with the regulatory restriction and instruction in light with the বিধি ৫৬ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

It appears that LR Global Bangladesh Asset Management Company Limited has violated the following:

- বিধি ৫৬ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ by not considering the financial health of bdnews24.com at the time of taking such investment decision for mutual funds, which is not consistent with the regulatory restriction and instruction in light with Mutual Fund Rules.

যেহেতু, (i) সম্পদ ব্যবস্থাপক LR Global Bangladesh Asset Management Company Limited (ii) Mr. Reaz Islam, Director, CEO, Chief Investment Officer and Member, Investment Appraisal Committee (iii) Mr. George Stock, CPA, Director & Member, Investment Appraisal Committee (iv) Mr. Md. Monowar Hossain, Head of Legal and Compliance & Member, Investment Appraisal Committee (v) Mr. Ronald Micky Gomes, Chief Financial Officer (CFO) কর্তৃক উপর্যুক্ত আলোচ্য বিষয়ে আইন ভঙ্গের কারণে কমিশনের এনফোর্সমেন্টে বিভাগ কর্তৃক ইস্যুকৃত শুনানীর আদেশ নং- BSEC/Enf/3420/2023/769 তারিখ অক্টোবর ০২, ২০২৪

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যা পরবর্তীতে নিম্নোক্ত আদেশ সমূহের মাধ্যমে শুনানীর তারিখ পুনঃনির্ধারিত হয় নং- BSEC/Enf/3420/2023/876 তারিখ নভেম্বর ০৬, ২০২৪, নং- BSEC/Enf/3420/2023/959 তারিখ নভেম্বর ২৬, ২০২৪, নং- BSEC/Enf/3420/2023/1096 তারিখ ডিসেম্বর ১৭, ২০২৪, নং- BSEC/Enf/3420/2023/103 তারিখ জানুয়ারি ১৬, ২০২৫ এবং নং- BSEC/Enf/3420/2023/537 তারিখ এপ্রিল ১৩, ২০২৫ মূলে বর্ণিত ব্যক্তি এবং প্রতিষ্ঠান-কে নির্ধারিত তারিখে উপস্থিত ব্যর্থতার কারণ প্রদর্শনসহ শুনানীতে উপস্থিত হতে বলা হয় যার ভিত্তিতে এপ্রিল ২৮, ২০২৫ ইং তারিখে শুনানী অনুষ্ঠিত হয়। শুনানীতে উপস্থিত হয়ে তাদের পক্ষে Mr. Najib Rahman, Legal Counsel, Mr. Mohammad Shahnewaz, Legal Counsel, Mr. Muhammad Omer Soeb Chowdhury, Legal Counsel, এপ্রিল ২৭, ২০২৫ তারিখে নিম্নলিখিত বক্তব্য দাখিল করেন;

Explanation of the alleged person submitted at the time of hearing dated 27.04.2025:

We acknowledge receipt of your show-cause notice dated 13.04.2025. concerning the investment made by LR Global Bangladesh Asset Management Company Limited ("LR Global") in bdnews24.com. particularly the premium paid of BDT 12.400 per share. We note with concern that this notice appears to be a repeat of the earlier show-cause notice issued on 16.01.2025 (Ref. BSEC Enforcement/3420/2023-103), and that it makes no reference to the detailed response and supplementary statements previously submitted by LR Global on 26.01.2025 and 27.01.2025. It also fails to mention the hearing we attended on 27.01.2025 during which we comprehensively defended our decision to invest in [bdnews24](http://bdnews24.com) at the rate of BDT 12.400 per share.

Given that the issues raised in the notice dated 13.04.2025 notice have already been thoroughly addressed, we respectfully request that the Commission take into consideration the detailed submissions made previously, and the oral explanation provided during the hearing on 27.01.2025. Below, we have summarised and referenced the key points from our earlier responses and the hearing to facilitate your review. The letters dated 26.01.2025 and 27.01.2025 submitted to the Commission, including the documents attached are enclosed hereto for your consideration.

1. Detailed Response to Show-Cause Notice: Valuation Justification (26.01.2025)

In our letter dated 26.01.2025, we provided a comprehensive justification for the premium of BDT 12.400 per share paid for the acquisition of a 33% equity stake in bdnews24.com. We specifically addressed the BSEC's concerns about the fairness of the valuation and demonstrated that the premium was justified based on the financial performance of bdnews24.com, its market leadership, and its growth potential. We also emphasised the following

Justification for the Premium Paid The premium of BDT 12,400 per share was supported by a Discounted Cash Flow (DCF) model, which is widely accepted and recognised globally, especially for companies in high-growth sectors like digital media. This model was employed by BRAC EPL in their own valuation of bdnews24.com, where they valued the company at BDT 37,100 per share. However, we took a more conservative approach, arriving at a lower valuation to account for various market risks and uncertainties.



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Strategic Rationale: The DCF method allowed us to factor in the future growth potential of bdnews24.com, particularly considering its audience of over 5 million unique visitors per month and its shift to profitability in 2020 after several years of loss-making

Market Comparisons: We highlighted global examples of similar digital media valuations, such as BuzzFeed and Vox, to provide context for bdnews24.com's valuation. This comparison showed that our valuation was both realistic and aligned with global standards.

2. Supplementary Statement Regarding MF Rules and Legal Justification (27.01.2025)

Further to our previous response, our letter dated 27.01.2025 specifically addressed the allegations raised concerning the compliance of LR Global's investment with the Securities and Exchange Commission (Mutual Fund) Rules, 2001. In particular, the Commission raised concerns under Rules 55 and 56. We provided a detailed legal interpretation and analysis, and our position remains unchanged, as outlined below:

Rule 55: Investment Objectives. We reiterated that LR Global's investment in bdnews24.com is entirely consistent with the investment objectives laid out in Rule 55 of the MF Rules. The rules permit mutual funds to invest in companies, including private companies, as long as they comply with specific restrictions.

Rule 56: Investment Restrictions: We carefully analysed the restrictions in Rule 56 and the 5th schedule of the MF Rules. LR Global's investment does not breach any of these restrictions, and we specifically clarified that mutual funds are permitted to invest in private equity, as long as they adhere to the relevant limits, including the 10% investment cap in any one company.

Clarification on "Company" Definition: We also clarified that the term "company" under the MF Rules should be interpreted broadly to include both public and private companies, based on the definition in the Companies Act, 1994.

We believe this legal analysis directly addresses the Commission's concerns regarding LR Global's compliance with the MF Rules and would be happy to further elaborate on this in our submission.

3. Oral Submission at the Hearing on 27.01.2025

During the hearing held on 27.01.2025, LR Global's representatives provided an oral submission to the Commission, reiterating the key points made in our written responses. Notably, we made the following points:

Request for Mr. Reaz Islam's Representation: LR Global requested that Mr. Reaz Islam, the CEO of LR Global, be allowed to make an oral representation in person before the Commission upon his return to Bangladesh. We emphasised that this was important given the personal nature of some allegations made against him. Unfortunately, our request was not granted, and we were permitted to submit further written statements instead



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Detailed Clarification of Investment Strategy: We explained the strategic rationale for the investment, particularly the long-term growth potential of bdnews24.com, and how our investment strategy was carefully aligned with industry best practices. We also discussed how the company was poised for future profitability despite past losses, particularly during the COVID-19 pandemic when digital media consumption surged.

4. Ongoing Commitment to Transparency and Compliance

LR Global remains committed to transparency, regulatory compliance, and protecting the interests of our unit holders. We continue to stand by the valuation methodologies and investment strategies we employed, and we assert that our investment in bdnews24.com aligns with the highest standards of financial management and Bangladesh Securities and Exchange Commission regulations.

Explanation of dated January 26, 2025

" We write in relation to the abovementioned show-cause notice issued by you on behalf of the Bangladesh Securities and Exchange Commission ("BSEC") regarding LR Global Bangladesh Asset Management Company Limited's ("LR Global") acquisition of a 33% equity stake in bdnews24.com, specifically with regards to the premium paid of BDT 12,400 per share. Please find our response below addressing the BSEC's concerns and alleged violations of relevant regulations by LR Global, in a detailed and thorough explanation of the valuation methodologies employed, the rationale for the premium, and the financial and strategic factors supporting the said investment.

The data analysis below shows that the valuation and premium were not only fair and justifiable but also reflective of bdnews24.com's financial turnaround, growth potential, and alignment with globally recognised valuation standards including but not limited to the dominance and market leadership of bdnews24.com well within top 15 website in Bangladesh. While the same methodology, Discounted Cash Flow ("DCF"), was also employed by BRAC EPL in calculating the value of the share, LR Global's valuation of BDT 12,400 per share was significantly lower than BRAC EPL's valuation of BDT 37,100 per share. This difference highlights LR Global's conservative and cautious assumptions regarding growth rates, revenue streams, and associated risks.

1. Justification for using the Discounted Cash Flow ("DCF") method

1.1 The DCF method is universally recognised and widely applied across industries, including by leading financial institutions like BRAC EPL. It is particularly suited for all companies including service companies with high-growth sectors like digital media, where future revenue streams and free cash flows play a pivotal role in determining value. There are numerous examples of similar digital companies globally and also in Asia.



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1.2 Below are few similar example valuations that demonstrate the potential valuation of digital news globally. Many of these sites are digital only including BuzzFeed, Vox, etc:

1.3 The DCF model focuses on the future free cash flows the company can generate, providing a forward-looking perspective that reflects profitability and inherent risks. DCF allows for scenario-based modelling, incorporating conservative, moderate, and aggressive assumptions about revenue growth, cost structures, and market dynamics. Unlike generalised methods, DCF captures detailed nuances in bdnews24.com's revenue streams, operating expenses, and strategic business initiatives, providing a fair and accurate valuation and most importantly untapped potential for monetisation of its loyal and growing audience Bangladesh and beyond.

2. Bdnews.24 Company Overview and Current Position

2.1 Bdnews24.com has achieved a significant financial turnaround, transitioning from consistent losses between 2015 and 2018 to profitability in 2019 and 2020 without any incremental capital investments. Key profitability metrics include:

EBITDA Margin: Improved from 1.70% in 2019 to 28.31% in 2020.

PAT Margin: Improved from 0.08% in 2019 to 14.35% in 2020.

2.2 Revenue and Expenses:

The company generated approximately 1 crore BDT per month in revenue, matched by similar monthly expenses, placing it at break-even when we considered the investment.

2.3 Audience and Market Presence:

Bdnews24.com boasts over 5 million unique monthly visitors, a robust foundation for monetizing digital advertising, securing sponsorships, and driving e-commerce sales. This matrix alone (5 million unique monthly visitors) even before monetisation is highly valuable and can be valued based on market practices between USD 3-5 per unique visitors estimating client acquisition cost.

2.4 Strategic Goals:

Short-Term Increase monthly revenue to 2 crore BDT through sponsorships and digital monetization.

Long-Term: Achieve an annual net profit of 10-15 crore BDT, driven by diversified revenue streams and operational efficiencies.

2.5 Website Ranking

Bdnews24 continue to dominate its strong market presence with a loyal and growing unique visitors



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At the time of our investment according to Alexa rankings (Global Benchmark), BDNews24 was ranked 15th in Bangladesh, compared to Prothom Alo at 4th and the Daily Star at 27th, and TBSNEWS 92th. Among news sites BDnews24 was 2nd most popular website in Bangladesh.

Even currently Open. Trends, a globally recognized analytics firm, has ranked BDNews24 as the 3rd most visited website in Bangladesh. BDNews24 is ranked 2nd among Bangladeshi newspapers on All You Can Read (Source: <https://www.allyoucanread.com/bangladesh-newspapers/>). Additionally, BDNews24 has been ranked 1st among Bangladeshi news websites by Feedspot (source: https://news.feedspot.com/bangladesh_news_websites/).

3. Core Strategies for Revenue Growth

3.1 Sponsorship Acquisition

Targeted Sponsorships: Secure large-scale sponsorship deals from all sectors including telecommunications, consumer products, automobile, mobile device manufacturers, tobacco and healthcare alone. This was just scaling of what the company achieved with minimal expenses with only 2 resources,

Investment Logic: A 25-50 lakh BDT investment/expense monthly in hiring 5-7 employees to focus on sponsorship acquisition could generate incremental monthly revenues of 2 crore BDT.

High ROI: This strategy leverages bdnews24.com's existing audience base and brand visibility to secure high-value sponsorships.

3.2 Social Media Monetization:

Existing Platforms: Bdnews24.com's digital footprint and audience engagement allow for effective monetization through targeted advertising, sponsored content, and influencer collaborations.

Return Potential: An investment of 5 lakh BDT per month in social media campaigns with partners could yield returns of up to 50 lakh BDT, a tenfold increase per month alone leveraging the loyal user base of bdnews24.com.

3.3 E-Commerce Platform Development:

High-Value Product Focus: Showcase items including but not limited to refrigerators, air conditioners, mobile devices, motorbikes and cars, earning a 2-3% commission per sale.

Development Costs: Building or upgrading the platform is estimated to cost 25-50 lakh BDT, with long-term recurring revenue potential.

4. Discounted Cash Flow (DCF) Valuation Approach

4.1 Revenue Projections:

Revenue is projected to grow from 1 crore BDT per month to 2 crore BDT, driven by sponsorships, social media monetization, and e-commerce expansion as explained above.



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4.2 Expense Forecasting:

Incremental staffing, marketing, and technology upgrades are factored into the model to reflect realistic cost structures.

4.3 Scenario Analysis: Moderate Investment (50 lakh BDT):

Focus: Hiring specialized teams for sponsorships.

Outcome: Incremental free cash flow, increasing the valuation over 5-7 years.

4.4 Scenario Analysis: Aggressive Investment (3 crore BDT):

Focus: Scaling operations and marketing.

Outcome: Higher short-term costs offset by substantial long-term gains in cash flow and valuation.

4.5 Discount Rate:

The cash flows are discounted at a rate reflecting bdnews24.com's cost of capital and associated risks, ensuring a robust present value calculation.

5. Comparison of Valuations: LR Global vs. BRAC EPL

The difference between LR Global's valuation and BRAC EPL's valuation demonstrates the conservative approach LR Global adopted:

5.1 BRAC EPL Valuation:

BRAC EPL valued bdnews24.com at BDT 37,100 per share using the DCF method.

This valuation was based on more aggressive assumptions, including higher revenue growth rates, broader monetization opportunities, and lower operational risks.

5.2 LR Global Valuation:

LR Global valued bdnews24.com at BDT 12,400 per share, one-third of BRAC EPL's valuation.

LR Global's approach focused on realistic revenue projections, conservative expense forecasts, and a higher discount rate to account for market risks and uncertainties.

5.3 Key Differences in Approach:

Growth Projections: BRAC EPL assumed faster revenue growth from sponsorships, social media monetization, and e-commerce than LR Global did.



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Risk Adjustments: LR Global's valuation incorporated a higher discount rate to reflect uncertainties in bdnews24.com's operating environment and competitive landscape.

Revenue Multiples: LR Global applied more conservative revenue multiples and assumed more gradual monetization of its audience base compared to BRAC EPL

6. Supplementary Valuation Methodologies

6.1 Price-Earnings (P/E) Ratio:

Using market benchmarks, a P/E multiple of 10 applied to bdnews24.com's earnings of 1 crore BDT yield an implied valuation of 10 crore BDT.

6.2 Price-to-Revenue Ratio:

With annual revenue of 30 crore BDT and an industry multiple of 5, the implied valuation is 150 crore BDT, aligning with DCF projections.

7. Financial Performance Highlights

The above metrics underscore the company's financial stability and support LR Global's valuation assumptions.

As such, by employing DCF, P/E, and Price-to-Revenue methodologies on a realistic business plan leveraging taka 25 Crore invested in the company in order to finance the business plan, LR Global arrived at a valuation that is conservative, market-aligned, and reflective of bdnews24.com's intrinsic and future value. The premium of BDT 12,400 per share is justified, given the company's financial turnaround, strategic growth potential, and robust valuation frameworks.

We respectfully request the BSEC to review the attached supporting evidence and consider the fair and justifiable nature of this investment. LR Global remains committed to transparency and regulatory compliance..”

Observations:

At the time of hearing the Commissioner(enf.) asked them to submit the last 3 years financial statements of BDNEWS24.com and how much profit they received so far from Bdnews24.com by investing investors fund.

In reply LR Global Asset Management said that, we were directed to submit the financial statements of Bdnews24.com for the preceding two to three fiscal years, despite the well-documented fact that our legal ownership remains in limbo due to the regulatory restrictions, including the freezing of bank accounts and the incomplete RJSC registration process. This directive has placed undue hardship upon us and our investors, for which we reserve all rights under applicable law.



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Moreover, on February 05, 2025, you reiterated your request for the said financial statements via verbal communication over the phone with our legal counsel. In response, our counsel duly apprised you that we have already sought the respective documents; however, Bdnews24.com is under no legal obligation to furnish them to us, as these documents are classified as confidential financial records of a private limited company.

অভিযুক্তদের পক্ষে তাদের প্রতিনিধি শুনানীতে উপস্থিত হয়ে কমিশনে যে বক্তব্য দাখিল করেন তা কমিশনের নিকট গ্রহণযোগ্য বলে বিবেচিত হয়নি।

যেহেতু, (i) সম্পদ ব্যবস্থাপক *LR Global Bangladesh Asset Management Company Limited* (ii) Mr. Reaz Islam, Director, CEO, Chief Investment Officer and Member, Investment Appraisal Committee (iii) Mr. George Stock, CPA, Director & Member, Investment Appraisal Committee (iv) Mr. Md. Monowar Hossain, Head of Legal and Compliance & Member, Investment Appraisal Committee (v) Mr. Ronald Micky Gomes, Chief Financial Officer (CFO) কর্তৃক উপর্যুক্ত ব্যর্থতার জন্য তাদের পক্ষে Mr. Najib Rahman, Legal Counsel, Mr. Mohammad Shahnewaz, Legal Counsel, Mr. Muhammad Omer Soeb Chowdhury, Legal Counsel, শুনানীতে উপস্থিত হয়ে যে লিখিত বক্তব্য দাখিল করেছেন তা গ্রহণযোগ্য নয়;

যেহেতু, সম্পদ ব্যবস্থাপক *LR Global Bangladesh Asset Management Company Limited* কর্তৃক ব্যবস্থাপনাকৃত ৬টি Mutual Fund, যে গুলোতে জনসাধারণের অর্থের বিনিয়োগ রয়েছে, কিন্তু উক্ত সম্পদ ব্যবস্থাপক কর্তৃক পরিচালিত Mutual Fund সমূহ হতে দুর্বল আর্থিক ভিত্তিসম্পন্ন বিডিনিউজ টোয়েন্টিফোর ডট কম এর ১০০ টাকা মূল্যের illiquid share এ প্রতিটি ১২৫০০ টাকা দরে মোট ৪৯.০০ কোটি টাকা বিধিবিহীনভাবে বিনিয়োগ করার ফলে বিনিয়োগকারীদের স্বার্থ ক্ষুণ্ণ হয়েছে ও হচ্ছে, যা পুঁজিবাজারের উন্নয়নেরও পরিপন্থী, বিধায় অভিযুক্তদের উপর্যুক্ত ব্যাখ্যা কমিশনের নিকট গ্রহণযোগ্য মর্মে বিবেচিত হয়নি;

যেহেতু, Mutual Fund গুলোতে বিনিয়োগকারীদের স্বার্থ রক্ষা সহ পুঁজিবাজারের উন্নয়ন ও শৃঙ্খলা রক্ষা করা কমিশনের অন্যতম উদ্দেশ্য তথা কর্তব্য;

যেহেতু, (i) সম্পদ ব্যবস্থাপক *LR Global Bangladesh Asset Management Company Limited* (ii) Mr. Reaz Islam, Director, CEO, Chief Investment Officer and Member, Investment Appraisal Committee (iii) Mr. George Stock, CPA, Director & Member, Investment Appraisal Committee (iv) Mr. Md. Monowar Hossain, Head of Legal and Compliance & Member, Investment Appraisal Committee (v) Mr. Ronald Micky Gomes, Chief Financial Officer (CFO), তারা প্রত্যেকে উল্লিখিত কর্মকান্ড তথা সিকিউরিটিজ আইন ও উহার অধীনে জারিকৃত বিধি-বিধান পরিপালনে ব্যর্থতার জন্য দায়ী যা বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ এর ধারা ১৮ এর অধীন শাস্তিযোগ্য অপরাধ;

যেহেতু, কমিশনের বিবেচনায়, সিকিউরিটিজ আইন ও বিধি-বিধান পরিপালনে উল্লিখিত ব্যর্থতার জন্য, পুঁজিবাজারের শৃঙ্খলা, স্বচ্ছতা এবং জনস্বার্থে উল্লিখিত ব্যক্তি ও প্রতিষ্ঠানের প্রত্যেক কে অর্থদণ্ডে দণ্ডিত করা প্রয়োজন ও সমীচীন;



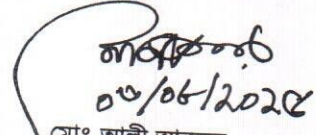
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সেহেতু, কমিশন, উল্লিখিত যাবতীয় বিষয় বিবেচনাপূর্বক, সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ এর বিধি ৫৬ লঙ্ঘনের দায়ে বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ এর ধারা ১৮ -এ প্রদত্ত ক্ষমতাবলে নিম্নোক্ত আদেশ জারি করে:

সম্পদ ব্যবস্থাপক *LR Global Bangladesh Asset Management Company Limited* কর্তৃক ব্যবস্থাপনাকৃত ৬টি Mutual Fund সমূহ হতে দুর্বল আর্থিক ভিত্তিসম্পন্ন বিভিন্নিউজ টোয়েন্টিফোর ডট কম এ বিধিবহির্ভূতভাবে বিনিয়োগকৃত ৪৯.০০ কোটি টাকা ও উহার সুদ কমিশন হতে আদেশ ইস্যুর পরবর্তী ৩০ (ত্রিশ) দিনের মধ্যে অভিযুক্ত ব্যক্তিবর্গ/প্রতিষ্ঠান কর্তৃক ফান্ডগুলোতে জমা প্রদান/ফেরত প্রদান করবে।

উল্লিখিত অর্থ ফান্ডগুলোতে বর্নিত ৩০ (ত্রিশ) দিনের মধ্যে জমা প্রদান /ফেরত প্রদান করতে ব্যর্থ হলে, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ এর ধারা ১৮ -এ প্রদত্ত ক্ষমতাবলে (i) সম্পদ ব্যবস্থাপক *LR Global Bangladesh Asset Management Company Limited* উপর ১ কোটি টাকা (ii) Mr. Reaz Islam, Director, CEO, Chief Investment Officer and Member, Investment Appraisal Committee উপর ৫০ কোটি টাকা (iii) Mr. George Stock, CPA, Director & Member, Investment Appraisal Committee উপর ৪ কোটি টাকা (iv) Mr. Md. Monowar Hossain, Head of Legal and Compliance & Member, Investment Appraisal Committee উপর ৪ কোটি টাকা (v) Mr. Ronald Micky Gomes, Chief Financial Officer (CFO) উপর ১ কোটি টাকা অর্থদন্ডে দণ্ডিত মর্মে গণ্য হবে এবং তা কার্যকর হবে। উল্লিখিত ৩০ (ত্রিশ) দিন অতিক্রান্ত হওয়ার পরবর্তী ৭ (সাত) দিনের মধ্যে দায়ী ব্যক্তিদের ব্যক্তিগত দায় এবং সম্পদ ব্যবস্থাপক কোম্পানীর নিজস্ব দায় হিসাবে আরোপিত অর্থদন্ড পরিশোধ করতে হবে। এছাড়াও, উক্ত সময়ে অর্থদন্ড পরিশোধে ব্যর্থ হলে এবং এ ধরনের ব্যর্থতা অব্যাহত থাকলে প্রত্যেকে প্রতিদিনের জন্য ১০ (দশ) হাজার টাকা অর্থদন্ডে দণ্ডিত হবেন।

বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশনের আদেশক্রমে,


০৩/০৮/২০২৫
মোঃ আলী আকবর
কমিশনার।

Bangladesh Securities and Exchange Commission
Enforcement Division
Market, Market Intermediaries and Other Affairs Section
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