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Stock Market & Company

Stocks rebound on govt moves

Newage, December 04, 2021

- Dhaka stocks increased in the past week after a plunge in the previous week as investors went for buying shares amid regulators' moves to restore the investors' confidence in the market. DSEX, the key index of the Dhaka Stock Exchange, added 1.23 per cent, or 84.11 points, over the past week to close at 6,936.2 points on December 2, the last trading session of the week after losing 239.73 points in the previous week.
- However, the central bank on December 1 issued a statement, saying that there was no decision made in the meeting, rather it requested the BSEC to rectify securities rules in line with the Bank Company Act. Besides, the finance ministry on the day called a meeting on December 7 with chairmen of the BB, the BSEC and the National Board of Revenue, among others, to discuss the current market situation.
- Of the 380 scrips traded on the DSE in the past week, 176 declined, 168 advanced and 36 remained unchanged. Average share prices of energy, non-bank financial institution, engineering, pharmaceutical and bank sectors advanced by 4.3 per cent, 4.4 per cent, 2.8 per cent and 1.5 per cent respectively.
- DSE's blue-chip index DS30 dropped by 1.27 per cent, or 33.07 points, to finish at 2,635.94 points. The daily average turnover on the DSE dipped to Tk 1,007.99 crore in the past week compared with that of Tk 1,261.25 crore in the previous week.
- Shariah index DSES increased by 1.15 per cent, or 16.53 points, over the past week to close at 1,458.92 points. The Bangladesh Export Import Company led the turnover chart in the past week with shares worth Tk 552.13 crore changing hands.
- One Bank, First Security Islami Bank, IFIC Bank, Delta Life Insurance, Paramount Textile, NRB Commercial Bank, Beximco Pharmaceuticals, Genex Infosys, BRAC Bank and Orion Pharmaceuticals were the other turnover leaders in the week.

<https://www.newagebd.net/article/156479/stocks-rebound-on-govt-moves>

Trading of AIBL Perpetual Bond begins Sunday

The Financial Express, December 04, 2021

- Trading of AIBL Mudaraba Perpetual Bond will commence on the Dhaka Stock Exchange (DSE) on Sunday (December 5) under 'N' category. DSE trading code for AIBL Mudaraba Perpetual Bond is "AIBLPBOND" and DSE company code is 26005, according to an official disclosure on Thursday.
- Bangladesh Securities and Exchange Commission (BSEC) on August 29 approved the proposal of Al-Arafah Islami Bank to issue "AIBL Mudaraba Perpetual Bond" worth Tk 5.0 billion. Of the Tk 5.0 billion, Tk 4.50 billion was issued through private placement and the remaining Tk 500 million through public offering in compliance with the BSEC public offering rules.
- The subscription period for AIBL Mudaraba Perpetual Bond for general public and eligible investors (EIs) was held between November 8 and November 14. Earlier, the stock market regulator's latest directive includes that perpetual bonds which will be issued by the banks must be listed on the bourses through the direct listing method.
- This is the unsecured contingent-convertible floating rate bond. The coupon rate of the bond will be 6.0 per cent to 10 per cent. MTB Capital Ltd is acting as the trustee of the bond, while two other investment banks -- Prime Bank Investment Ltd and UCB investment Ltd -- are working as its arranger and issue manager respectively.

<https://thefinancialexpress.com.bd/stock/trading-of-aibl-perpetual-bond-begins-sunday-1638499938>

Banking sector accounts for 29pc transactions on DSE

The Financial Express, December 04, 2021

- The heavyweight banking sector accounted for 29 per cent of transactions on the Dhaka Stock Exchange (DSE) in the outgoing week, with four banks making their way to the list of ten most-traded stocks. Meanwhile, the ten most-traded stocks accounted for more than 41 per cent transactions on the prime bourse while Beximco dominated the weekly turnover chart.
- The four banks which featured in the week's top turnover list are ONE Bank, First Security Islami Bank, IFIC Bank and BRAC Bank. The banking sector also surged 1.80 per cent during the week.
- Bangladesh Export Import Company (Beximco) -- the flagship company of Beximco Group -- topped the turnover chart, with shares worth Tk 5.52 billion changing hands during the week. It grabbed 10.96 per cent of the week's total turnover.
- Beximco Group companies have led the market from the front in the past few months as investors showed their buying appetite for their stocks, market insiders said. The company's share price, however, dropped 1.18 per cent to close at Tk 168.20 on Thursday.
- The company's EPS soared 2835 per cent to Tk 4.11 for July-September 2021, as against Tk 0.14 in the corresponding period of the previous year. ONE Bank came second on the turnover chart, with shares worth Tk 4.28 billion changing hands. The bank's share price advanced 1.59 per cent to close at Tk 19.20 each on Thursday. First Security Islami Bank clinched the third spot, with shares worth Tk 1.99 billion changing hands. The bank's share closed at Tk 15.30, soaring 9.29 per cent.


<https://thefinancialexpress.com.bd/stock/banking-sector-accounts-for-29pc-transactions-on-dse-1638591761>

Irregularities cost Delta Life Ins Tk 3,687cr

The Daily Star, December 05, 2021

- Embezzlement of funds, corruption, revenue evasion, and mismanagement by the suspended board and management have cost Delta Life Insurance Company Ltd Tk 3,687 crore in financial losses, according to a new audit. Appointed by the Insurance Development & Regulatory Authority (IDRA), ACNABIN Chartered Accountants carried out the audit into the insurer. The findings of the audit have not been made published.
- Earlier on October 17, the IDRA sent another letter to the financial institutions division, giving some idea about the irregularities at the insurance company. The company's suspended board and management embezzled cash by withdrawing money using fake expenses, it said.

- Cash was embezzled by withdrawing money for tax office expenses at the verbal instruction of the chief executive officer, submitting fake bills in the name of maintenance work and fake food bills, in the name of surrender of fake policies, and showing lower claims in order to receive higher dividends.
- The company's directors also breached laws by holding higher stakes into the company. According to the October letter of the IDRA, six members of a same family hold 22.78 per cent shares combined in the company, against the limit of 10 per cent.
- The trouble at Delta Life came to the fore after Adeeba's application for the renewal of the job was rejected by the IDRA on November 16 last year.
- The reasons, cited by the regulator, were revenue evasion and financial irregularities, non-cooperation of auditors during investigations, citing false information to become the CEO, and failures to comply with IDRA guidelines.
- On December 7 last year, Delta Life complained to the Anti-Corruption Commission that IDRA Chairman M Mosharraf Hossain sought a bribe of Tk 50 lakh for giving approval to the reappointment of the CEO and renewing the actuarial valuation basis.
- The VAT Audit, Intelligence and Investigation Directorate of the National Board of Revenue has filed a case against Delta for evading Tk 35.18 crore in value-added tax.



DELTA LIFE INSURANCE
COMPANY LIMITED

AT A GLANCE

- » Natures of crime: embezzlement of funds, corruption, revenue evasion, mismanagement, money laundering
- » IDRA has appointed an administrator
- » Delta Life began journey in 1986
- » Operates through **1,000** plus offices
- » Delta has a life insurance fund of **Tk 4,200cr**

<https://www.thedailystar.net/business/organisation-news/news/irregularities-cost-delta-life-ins-tk-3687cr-2909921>

Stock market key player in the power sector development

The Business Standard, December 04, 2021

- The stock market has played a major role in the country's power sector development as it provided a huge amount of equity capital to the private sector power producers over the last decade, according to a recent review of the power sector by the EBL Securities Research.
- Also, the sector has consistently generated an above-average annual return for the shareholders even during the decade-long stock market depression, said the top-tier brokerage firm's analysts.
- The great stock investors : In EBL Securities' report, it said under the title "Investment Opportunities in Bangladesh Power Sector", more than 4,500 MW generation capacity belongs to the 52 power plants fully or partially owned by 12 publicly listed companies. Other than two plants by Summit Power and Khulna Power Company that pioneered private sector power generation in the 1990s, all were installed in the last 11-12 years.
- The power-producing listed entities are Baraka Power, Baraka Patenga Power, Doreen Power, GBB Power, Khulna Power, Shahjibazar Power, Summit Power, United Power, Confidence Cement, Orion Pharma, Paramount Textile, and Energypac Power Generations Ltd.
- The primary market of the bourses catered to the 12 power companies with more than Tk1,400 crore in equity during their initial public offerings (IPO) over the last decade. The lucrative return : As the power producers need no sales and marketing costs, their main expenses from the initial profit margin go to debt repayment.
- In 2019-20 fiscal, the listed power producers secured net profit margins ranging from 10% to up to 69%, depending on their agreement with the government and the relevant companies' financial structure.



<https://www.tbsnews.net/economy/stock-market-key-player-power-sector-development-338764>

SME platform unable to attract investors

The Business Standard, December 04, 2021

- The SME platform at the Dhaka Stock Exchange (DSE) has so far been unable to attract investors in terms of share trading of its listed firms. Five firms on the platform are trading their shares below face value. The DSE inaugurated the SME platform with six companies on 30 September this year.
- The Chittagong Stock Exchange (CSE) unit of the platform was inaugurated on 10 June with one company- Nialco Alloys Limited. The platform was formed in 2019 to attract businesses with small capital bases to the stock market.
- Later, the Bangladesh Stock Exchange Commission (BSEC) took several initiatives to attract investors in the platform, including listing a few companies under the board. With a view to make the board active, the commission took through the listing of some companies on the board.
- Mohammad Rezaul Karim, executive director of Bangladesh Securities and Exchange Commission (BSEC) said, "Eligible investors may feel the registration process to be boring before they can apply for primary shares. However, there is no registration for the secondary market." Awareness needs to be increased among the eligible investors about SME platforms through financial literacy, he added.

<https://www.tbsnews.net/economy/stocks/sme-platform-unable-attract-investors-338743>

Oxygen sellers see sharp rise in FY21

The Business Standard, December 04, 2021

- Covid-19 pandemic has blessed the oxygen sellers as its demand increased significantly across the country. The country's oxygen producers and suppliers saw a sharp rise in sales in the fiscal year 2020-21. The sales of top oxygen seller Islam Oxygen Limited reached Tk145.42 crore in fiscal 2020-21, a 31% growth compared to the previous fiscal.
- The only listed full-fledged oxygen seller, Associated Oxygen, also posted a significant growth of 43% to Tk56 crore in the last fiscal year, compared to the previous year. Linde Bangladesh Limited, a multinational oxygen seller, witnessed a stellar growth in supplying medical oxygen. But its core business is welding electrodes and industrial gas supply.
- In July last year, Associated Oxygen raised Tk15 crore from the capital market to boost the production capacity to meet the growing demand. Currently, its production capacity is 8.27 lakh cubic metres of oxygen per month.
- In its financial statement, the multinational company said the pre-pandemic demand for medical oxygen was about 30 – 35 tonnes per day, which surged to 70–75 tonnes per day during the pandemic. To meet the increased demand, the company's Narayanganj plant is being operated at full capacity. In addition, the closed and mothballed Chattogram plant was brought into operation. As production in the company's two plants were not enough to meet the local demand, medical oxygen had to be imported from Linde units in India.

<https://www.tbsnews.net/economy/stocks/oxygen-sellers-see-sharp-rise-fy21-338737>

Economy & Industry

Poor recovery from default loans new headache for banks

The Daily Star, December 05, 2021

- The recovery from default loans has failed to keep pace with escalating delinquent assets in Bangladesh, hitting banks' income and cash flow. Between January and September, banks retrieved Tk 4,195 crore from their non-performing loans, which was Tk 3,751 crore during the same period a year ago, data from the central bank showed.
- The recovery is, however, much lower than pre-pandemic levels, hampering banks' smooth operation as their capacity to lend has squeezed. Banks recouped Tk 5,802 crore from their combined NPLs in 2020 in contrast to Tk 15,466 crore the year before.
- Although the central bank has been following relaxed loan classification policies since the inception of the coronavirus pandemic in March last year, the move has failed to bring down NPLs. Up until September this year, the NPLs stood at Tk 101,150 crore, an increase of 14 per cent from nine months earlier and 7.1 per cent year-on-year.

- Banks are also facing tough jobs in getting back regular loans due to the business slowdown. Six state-run banks – Sonali, Janata, Agrani, Rupali, BASIC, and Bangladesh Development Bank – recovered Tk 584 crore from the NPLs in the first nine months this year, up 1.6 per cent year-on-year.
- Default loans at the banks stood at Tk 44,016 crore as of September. Private banks got back Tk 2,093 crore, a decrease of 11 per cent, from a combined default loans of Tk 50,743 crore.

<https://www.thedailystar.net/business/economy/banks/news/poor-recovery-default-loans-new-headache-banks-2909936>

EBL arranges Tk100cr for Epyllion through preference shares

The Business Standard, December 04, 2021

- Eastern Bank Ltd (EBL) has raised Tk100 crore through preference shares for the leading apparel manufacturer in Bangladesh- Epyllion Style Ltd, a flagship concern of Epyllion Group.
- EBL signed a contract with Trust Bank Ltd and Lanka Bangla Finance Ltd on Thursday, where EBL participated as the mandated lead arranger, agent and investor, and the latter two banks participated as the investors, said a press release. EBL is actively working for an alternative source of financing through capital market products for the leading corporates in Bangladesh, said the bank.
- EBL MD and CEO Ali Reza Iftekhar extended appreciation to Epyllion Group Chairman Reaz Uddin Al Mamoon for the long-standing relationship between the two organisations and mandating the preference shares deal and to the investors for their ardent support. "Bankers should work with alternative investment and capital market products, innovative ideas, use of digital landscape and promote sustainable finance," Ali Reza added.

<https://www.tbsnews.net/economy/corporates/eb1-arranges-tk100cr-epyllion-through-preference-shares-338773>

International

Stocks sag as weak US jobs data adds to Omicron worries

The Daily Star, December 05, 2021

- Global stocks finished a volatile week on a downcast note Friday, sunk by festering worries over the Omicron variant and disappointment at the most recent US job growth figures. The latest Covid-19 variant has been detected in 38 countries but no deaths have yet been reported, the WHO said, as authorities worldwide rushed to stem the spread of the heavily mutated Covid-19 strain.
- "Investors are clearly still anxious about the Omicron variant, despite anecdotal evidence suggesting symptoms are less severe" than first thought, said Craig Erlam, analyst at Oanda trading group. "Heading into the weekend, when we could get more information on the new strain, it's natural that we're seeing more caution."
- "IMF chief Kristalina Georgieva warned the latest virus strain could slow the global recovery, noting that "a new variant that may spread very rapidly can dent confidence. "Bourses in Paris, Frankfurt and London all declined. Wall Street stocks also had a difficult day, with the tech-rich Nasdaq leading major indices lower."
- All three US indices finished with weekly losses in a period that also saw the Federal Reserve signal a plan to accelerate the withdrawal of its monetary stimulus and potentially hike rates sooner. Wall Street investors shunned highly valued tech shares after DocuSign offered a disappointing outlook and signaled that demand for its e-signature business was ebbing after a strong run during the worst of the Covid-19 pandemic.
- Shares of the company plunged more than 40 per cent, while other tech names like Adobe and several chipmakers were also hammered. Friday's much-anticipated jobs report showed the US economy added just 210,000 jobs last month, less than half the increase forecasters expected.

<https://www.thedailystar.net/business/global-economy/news/stocks-sag-weak-us-jobs-data-adds-omicron-worries-2909856>

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