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Stock Market & Company

Stocks gain for 4th day before ministry meeting

Newage, December 06, 2021

- Dhaka stocks gained for the fourth day on Monday as a section of investors kept buying shares while many others preferred to be on the sideline and to wait for the outcome of the finance ministry's today meeting with regulators. DSEX, the key index of the Dhaka Stock Exchange, added 0.18 per cent, or 12.9 points, to close at 6,978.53 points on Monday.
- The DSEX gained 275 points in the last four sessions. So, turnover on the DSE declined to Tk 887.13 crore on Monday from Tk 894.98 crore in the previous session.
- DS30, a composition of 30 large capitalised companies, however, shed 0.13 per cent, or 3.62 points, to close at 2,634.63 points on Monday.
- The spreading of new coronavirus variant Omicron in different countries also put a negative impact on the market in the last few days, the market operators said. Besides, a dearth of liquidity in many banks due to the recent rise in lending activities also became a concern for investors, they said.
- Of the 373 scrips traded on the DSE on Monday, 218 advanced, 118 declined and 35 remained unchanged. Shariah index DSES added 0.24 per cent, or 3.6 points, to settle at 1,464.67 points.
- BEXIMCO led the turnover chart with shares worth Tk 79.83 crore changing hands on the day. Genex Infosys, First Security Islami Bank, Sena Kalyan Insurance, Maksons Spinning Mills, Sonali Paper, Fortune Shoes, Orion Pharmaceuticals and IFIC Bank were the other turnover leaders on the day.

<https://www.newagebd.net/article/156679/stocks-gain-for-4th-day-before-ministry-meeting>

Listed cos to have mandatory credit rating every year

Newage, December 06, 2021

- The Bangladesh Securities and Exchange Commission has taken initiatives to make it mandatory for all listed companies to have credit rating every financial year with the aim of showing actual health of business of the companies to investors. Now there is no obligation for the listed companies to be credit rated unless they issue new shares with premium.
- According to the draft rules, every listed security or issuer of a listed security must be credit rated by a CRC within six months of the end of each financial year and the credit rating companies must immediately after awarding the rating disseminate it to the exchanges as price sensitive information in the same process of PSI disclosures.
- Every listed life insurance company must be credit rated by a CRC on biennial, once in every two years, basis, the rules said. Credit rating or rating means formal evaluation or assessment of credit and/or investment, capability of servicing obligations, credit worthiness and earnings or cash flows generating prospects of an individual or an entity or a country, according to the draft rules.
- The CRC must have a paid up capital of minimum Tk 5 crore and the existing CRC whose paid up capital is below Tk 5 crore must fulfil the capital requirement within two years from effective of the rules, the rules said.

<https://www.newagebd.net/article/156678/listed-cos-to-have-mandatory-credit-rating-every-year>

Tax receipts from DSE fall further in November

The Financial Express, December 07, 2021

- The government's revenue collection from Dhaka Stock Exchange (DSE) fell further by 16 per cent in November compared to a month earlier as trading volume on the decline. The government bagged revenue worth Tk 342 million in November as against Tk 407 million in October, according to available data with the DSE.
- Of the total earnings in November, Tk 267 million came from the TREC (trading right entitlement certificate) holders' commission, popularly known as brokerage commission, while Tk 75 million came from share sales by sponsor-directors and placement holders, the DSE data shows.
- The daily turnover, the important gauge, plunged to Tk 12.12 billion on an average in November which was Tk 18.50 billion in October, according to the DSE data.
- The prime index of the DSE also plunged by 298 points or 4.25 per cent in November compared to October this year. The government's revenue earnings from the DSE marked a whopping 86 per cent rise in the first five months of the current fiscal year compared to the same period of the previous fiscal.
- The government bagged revenue worth Tk 2,060 million in July-November of the Fiscal Year (FY) 2021-22, as against Tk 1,108 million in the same period of the previous fiscal year, registering a 86 per cent growth, the DSE data showed. Of the total earnings in the five months, Tk 1,828 million came from the TREC holders' commission, while Tk 232 million came from the share sales by sponsor-directors and placement holders.
- The DSE paid tax worth Tk 2.72 billion in FY 2011-12, Tk 1.27 billion in FY 2012-13, Tk 1.54 billion in FY 2013-14, Tk 1.74 billion in FY 2014-15, Tk 1.58 billion in FY 2015-16, Tk 2.46 billion in FY 2016-17, Tk 2.33 billion in FY 2017-18 and Tk 2.51 billion in FY 2018-2019 on TREC holders' commission and share sales by sponsor-directors and placement holders.

<https://thefinancialexpress.com.bd/stock/tax-receipts-from-dse-fall-further-in-november-1638846438>

Revenue earnings trend from DSE

Fiscal Year (FY) 2021-22		Fiscal Year (FY) 2020-21	
July	Tk 289 million	July	Tk 188 million
August	Tk 502 million	August	Tk 246 million
September	Tk 520 million	September	Tk 275 million
October	Tk 407 million	October	Tk 216 million
November	Tk 342 million	November	Tk 183 million
Total	Tk 2060 million	Total	Tk 1108 million

Source: DSE

Doreen Power holds 14th AGM, approves 25pc dividend

The Financial Express, December 06, 2021

- The 14th Annual General Meeting (AGM) of Doreen Power Generations and Systems Limited was held on Sunday through a digital platform. Audited Financial Statements, auditors' report along with directors' report for the year ended on June 30, 2021, were approved at the AGM.
- At the meeting, shareholders approved 12pc stock dividend for all shareholders and 13pc cash dividend for general shareholders except directors and sponsors for the financial year 2020-2021. Earnings Per Share (EPS) and Net Operating Cash Flow Per Share (NOCFPS) of the company was Tk.8.09 and Tk.6.46 for the financial year 2020-2021. Net Asset Value Per Share (NAVPS) stood at Tk.48.41 as on June 30, 2021.
- Based on the latest audited EPS and market value, Price-Earnings (PE) Ratio of the company is 11.64 while the PE Ratio is 6.25 as per the latest unaudited financial statements.

<https://thefinancialexpress.com.bd/stock/doreen-power-holds-14th-agm-approves-25pc-dividend-1638775616>

InterContinental Dhaka incurs losses for three years

The Financial Express, December 06, 2021

- The net loss of Bangladesh Services is ballooning. The company which provides hospitality services and pioneered the establishment of country's first luxury hotel InterContinental Dhaka incurred losses in last three years.
- Besides, the company's liabilities also crossed current assets during the years. Bangladesh Services incurred a net loss of Tk 1.81 billion for the fiscal year (FY) 2020-21.
- The company's current liabilities exceeded its current assets by Tk 1.60 billion as at 30 June 2021. Meanwhile, the company has reported a loss of Tk 3.98 per share for July-September 2021 as against the loss of Tk 1.24 per share for July-September 2020.
- In the FY 2019-20, the company reported a net loss of Tk 462.94 million. Its current liabilities exceeded current assets by 1.43 billion as on 30 June 2020. Bangladesh Services reported a net loss of Tk 364.39 million for the FY 2018-19. As of 30 June 2019, the company's current liabilities exceeded its current assets by Tk 1.06 billion.
- The government holds 99.68 per cent shares while institutes hold 0.19 per cent and general public 0.13 per cent of Bangladesh Services.

FY	Net Loss
2018-19	Tk 364.39 mill
2019-20	Tk 462.94 mill
2020-21	Tk 1.81 bill

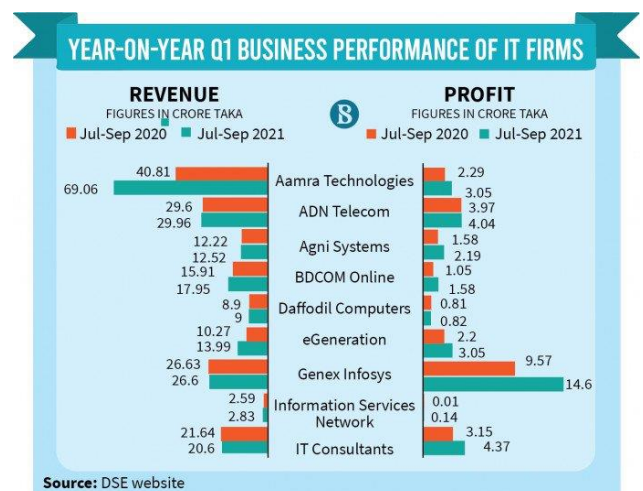
Source: Dhaka Stock Exchange

<https://thefinancialexpress.com.bd/stock/intercontinental-dhaka-incurs-losses-for-three-years-1638763967>

Investors park money in potential IT firms

The Business Standard, December 06, 2021

- Digital connectivity across the country has brought a bright opportunity for the Information and Technology (IT) sector and to avail of the opportunity, investors have parked money here.
- Eleven IT companies have already been listed on the Dhaka Stock Exchange (DSE), the prime bourse of the country.
- In the last several months, the share prices of the companies climbed as investors showed interest in them. But in early November, investors witnessed a price correction due to selling pressures to book the quick profit from the risk-averse investors.
- However, the sector is back on the gaining track as the investors did not lose their interest. On Monday, investors got the highest return of 4.2% from the IT sector at the DSE.



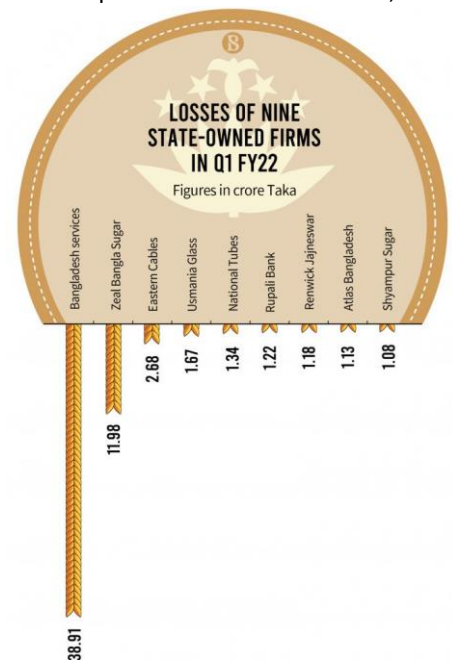
- In the first quarter of the current financial year, the company reported only Tk2 crore in revenue and Tk14 lakh in profit. But, the share price of HRC Group's associate company has risen 24% in the last four days.
- In the last financial year, the company has written off Tk9 crore due from its customers from the financial report. This has reduced the net asset value of the company. But, the company does not need to maintain a provision against the owed money. So in the first quarter, the company's profit has increased 12 times.

<https://www.tbsnews.net/economy/stocks/investors-park-money-potential-it-firms-339733>

9 state-owned firms post losses even after economy reopening

The Business Standard, December 06, 2021

- Nine publicly listed state-owned companies in various sectors have posted losses in the first quarter (July to September) of the current fiscal year even after the post-lockdown reopening of the economy. The companies are- Eastern Cables, Atlas Bangladesh, National Tubes, Renwick Jaineswar, Usmania Glass, Shyampur Sugar Mills, Zeal Bangla Sugar Mills Ltd, Bangladesh Services, and Rupali Bank.
- The production costs of the firms are higher compared to their competitors because they procure raw materials at a 30% to 40% higher rate as per their tenders.
- Eastern Cables: Eastern Cables was established in Patenga, Chattogram on a 36.39-acre land. In the July to September quarter this FY, the company had a loss of Tk2.68 crore and its revenue was Tk7.83 crore.
- Atlas Bangladesh: The glory of Atlas Bangladesh Ltd in the two-wheeler industry started fading seven years ago. In 2016, it signed a two-year contract with the Chongqing Zongshen group, one of the top five two-wheeler manufacturers in China, for importing, assembling, and marketing their motorcycles. However, the local market did not welcome Zongshen motorcycles.
- National Tubes mainly produces galvanised iron (GI) pipes that are used in gas transmission lines. But its demand has been declining day by day because PVC pipes are being used in households nowadays.
- The Renwick Jaineswar, which provides engineering support to other sugar mills, also faced challenges in making profits. Its overall business declined amid the pandemic.
- On the other hand, despite the rising demand for glass in the country, Usmania Glass, Bangladesh's first glass manufacturing company, has been running at a loss since 2014.



<https://www.tbsnews.net/economy/stocks/9-state-owned-firms-post-losses-even-after-economy-reopening-339730>

Sena Kalyan Insurance shares skyrocket

The Business Standard, December 06, 2021

- The share price of Sena Kalyan Insurance – a newly-listed insurance company on the stock market – jumped eight times just in a month. The share price rose 692% in the 22 sessions of trading since its debut on the country's stock exchanges.
- On Monday, its share price closed at Tk79.20 each – at 10% higher than that of the previous trading session. The company has issued 1.6 crore ordinary shares at a face value of Tk10 each.
- The share trading began at stock exchanges on 7 November, and since then the price kept on increasing consistently. Owing to this unusual share price hike, the Dhaka Stock Exchange (DSE) sent a query to the company on 5 December.
- According to the DSE, the total shares of the company are four crores. Sponsors and directors hold 60%, institutional investors 16%, foreign investors 4%, and general public 20% shares in the company. In the January-September period of 2021, it made a profit of Tk8.28 crore, while its earnings per share stood at Tk3.45.

<https://www.tbsnews.net/economy/stocks/sena-kalyan-insurance-shares-skyrocket-339691>

Economy & Industry

The curious case of Delta Life Insurance

The Business Standard, December 06, 2021

- Wildly changing audit figures, allegations of bribery by an auditor and from the very top level, and shuffling of roles, are the key elements to the current state that Delta Life Insurance Company finds itself mired in. Finding a starting point to the saga is a lost cause, but last month is as good a beginning as any. That is when the first hint of an anomaly came to the fore.
- In November this year, the Insurance Development and Regulatory Authority (IDRA) reported to the Ministry of Finance that internal and external audits of the administrator-run Delta Life Insurance Company had initially found Tk638 crore in irregularities within the company's accounts.
- Just a month later, the insurance regulator sent another letter to the ministry to report that the figure involving financial irregularities had skyrocketed to Tk3,687 crore in the provisional interim audit report by newly-appointed auditor ACNABIN Chartered Accountants. The irregularities involved corporate corruption, embezzlement, tax irregularities and mismanagement by the company's suspended board and management, all of which had hurt the publicly-listed life insurer, according to the IDRA.
- The Tk3,687cr figure itself appeared to be a curious anomaly as members of the company's suspended board claimed it was impossible to embezzle such a huge amount out of a company which had a life fund of Tk4,200cr, while it had been maintaining its "AAA" credit rating for five consecutive years.
- A ring of silence: IDRA Director Shah Alam, who sent both the reports to the Ministry of Finance, was asked about the beefed up figure in the latest report. Kuddus Khan, the IDRA-appointed administrator at Delta Life, was unaware of the elements of the big deviation in the two interim reports as he "joined the post very recently."
- A synopsis of the ACNABIN provisional report seen by The Business Standard, however, reveals that the big difference was mostly due to a gigantic Tk2,513cr irregularity mentioned as an overstatement of the life fund through hiding insurance claims over the 2012-2020 period and paying dividends based on the inflated accounts.

<https://www.tbsnews.net/economy/curious-case-delta-life-insurance-339748>

Loan write-offs decline as banks lose strength

The Daily Star, December 07, 2021

- Loans written off by banks in Bangladesh nosedived as lenders' ability to keep 100 per cent provisioning against delinquent assets has squeezed amid business slowdown caused by the coronavirus pandemic.
- Usually, loans are written off when they are entirely covered by cash and there is no realistic prospect of recovering them. These assets are shifted to off-balance sheet records.
- Banks wrote off bad debts to the tune of Tk 1,945 crore between January last year and September this year, data from the Bangladesh Bank showed. This compared to Tk 2,597 crore in 2019 and Tk 3,523 crore in 2018.
- It fell as a majority of banks are unable to write off bad loans since they are struggling to survive amid a lower cash flow compared to pre-pandemic levels.
- As per Bangladesh Bank regulations, banks have to maintain a provisioning of 0.25 per cent to 5 per cent for unclassified loans. It is 20 per cent for the default loans of substandard category, 50 per cent for the doubtful category, and 100 per cent for the bad or loss category.



- Banks have to preserve a full amount of cash in provision equaling to a particular NPLs that are treated as write-off loans. In addition, the provision base in the banking sector has weakened to a large extent in recent months due to an escalation of default loans.
- The provision shortfall widened to Tk 6,204 crore in September, up 50 times in contrast to Tk 123 crore in December last year and 135 per cent year-on-year.
- Loan write-offs are considered one of the best practices in the world to augment the image of banks as a higher default loan gives a negative signal about the lender, said Md Arfan Ali, managing director of Bank Asia.

<https://www.thedailystar.net/business/economy/banks/news/loan-write-offs-decline-banks-lose-strength-2911466>

International

Bitcoin tumbles 5pc after weekend battering

The Daily Star, December 07, 2021

- Bitcoin tumbled almost 5 per cent on Monday as the start of the week offered little respite to the world's largest cryptocurrency after a bruising weekend where at one point it lost over a fifth of its value.
- The world's biggest cryptocurrency suffered its biggest daily drop in a month, falling as low \$45,000 per coin. The drop extended a slump of nearly a fifth from a record high of \$58,354 hit on Sunday – though bitcoin remains up around 60 percent for the year.
- The cryptocurrency market has been running hot this year as big money managers begin to take the asset class seriously and have made large purchases that have driven even more confidence among small-time speculators.
- Earlier this month, electric carmaker Tesla said it had invested around \$1.5 billion in bitcoin and expected to begin accepting payment for its cars and other products with it soon, which helped vault bitcoin above \$50,000 but may now lead to pressure on the company's stock price as it has become sensitive to movements in bitcoin.
- US Treasury Secretary Janet Yellen, who has flagged the need to regulate cryptocurrencies more closely also said on Monday that bitcoin is extremely inefficient at conducting transactions and is a highly speculative asset.

<https://www.thedailystar.net/business/global-economy/news/bitcoin-tumbles-5pc-after-weekend-battering-2911411>

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