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Stock Market & Company

Stocks break four-day losing streak

The Financial Express, April 10, 2022

- Stocks ended higher on Sunday, snapping a four-day losing streak, as bargain hunters showed their buying interest in lucrative issues. DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 21.21 points or 0.31 per cent to settle at 6,662, after losing over 130 points in the past four consecutive days.
- Turnover, the crucial indicator of the market, also crossed Tk 6.0 billion mark again and amounted to Tk 6.43 billion, which was 25 per cent higher than the previous day's tally of Tk 5.15 billion. Two other indices also edged higher with the DSE 30 Index, comprising blue chips, rising 6.92 points to finish at 2,458 and the DSE Shariah Index (DSES) advanced 6.20 points to close at 1,459.
- Beximco topped the turnover list with shares worth Tk 363 changing hands, followed by Provati Insurance (Tk 347 million), IPDC Finance (Tk 318 million), Genex Infosys (Tk 283 million) and Fortune Shoes (Tk 196 million). The newly listed JMI Hospital Requisite Manufacturing continued to top the gainer list for the seventh straight session, posting a 9.91 per cent gain while Pubali Bank was the day's worst loser, shedding 3.58 per cent following its corporate declaration.
- The Chittagong Stock Exchange (CSE) also edged higher after four days with the CSE All Share Price Index – CASPI –gaining 42 points to settle at 19,544 and the Selective Categories Index – CSCX – rose 25 points to close at 11,725.

<https://thefinancialexpress.com.bd/stock/stocks-break-four-day-losing-streak-1649582878>

Listed cos asked to give info on 5pc profit sharing with workers

The Newage, April 10, 2022

- The Bangladesh Securities and Exchange Commission has sought information from all listed companies about the formation of workers' profit participation fund and workers' welfare fund as the stock market regulator has found that many companies are yet to form such funds. Companies are required to establish WPPF and WWF as per section 234 of the Bangladesh Labour Act, 2006.

- The BSEC has recently sent separate letters to all listed companies in this connection. After getting the information, the securities regulator would compel the companies to abide by the labour law, BSEC officials said.
- According to the Bangladesh Labour Act 2006, any company with a minimum paid-up capital of Tk 1 crore or immoveable assets worth minimum Tk 2 crore will have to contribute 5 per cent of its net profit to workers' welfare. Of the amount, 80 per cent goes to the participatory fund, 10 per cent to the company's welfare fund and the remaining 10 per cent goes to the workers' welfare fund established under the Bangladesh Workers' Foundation Act, 2006.
- The BSEC letter to the listed companies said as per section 242 and section 243 of the act, funds are required to be utilised for respective purposes. All the listed companies are asked to give information in respect of the establishment of such funds and utilisation thereof and submit the same to the securities regulator, it said.

<https://www.newagebd.net/article/167789/listed-cos-asked-to-give-info-on-5pc-profit-sharing-with-workers>

Pragati Ins recommends 35pc cash div

The Financial Express, April 11, 2022

- Pragati Insurance Ltd recommended 35 per cent cash dividend for its shareholders for the year of 2021. A meeting presided over by Syed M. Altaf Hussain, Chairman of the company, recommended the dividend, said a statement. During the year Pragati declared the ever highest cash dividend since its inception. This will be approved by the shareholders in the ensuing 36th AGM of the company.
- The Earning Per Share was Tk.5.72 in 2021 which was Tk.4.07 in 2020. The Net Operating Cash Flow was Tk.12.09 in 2021 which was Tk.8.53 in 2020. The Net Asset Value of per share stood at Tk.57.32 in 2021.


<https://thefinancialexpress.com.bd/stock/pragati-ins-recommends-35pc-cash-div-1649646500>

RSRM didn't live up to the factory reopening declaration


The Business Standard, April 10, 2022

- The factory of Ratanpur Steel Re-Rolling Mills (RSRM) Limited remains closed despite its declaration to get back into operation in October last year. An inspection team of the Dhaka Stock Exchange (DSE) has recently visited the factory in Chattogram to verify its production status but found it shut.
- In a visit earlier in April 2021, The Business Standard correspondent found that the RSRM plants were shuttered and its employees remained unpaid. He also made a report on the development.
- RSRM Limited, however, did not announce the factory closure as it was price-sensitive information.
- Later in September of last year, it explained to the DSE that the company always abided by the securities rules and regulations, it was their lack of knowledge that they could not inform the regulator on time.
- It also failed to disburse the declared dividend of 10% cash for fiscal 2019-20 due to a cash crisis. Its sponsors and directors have secretly sold shares. As a result, their holdings in the company fell from 47.03% to 29.93%. However, the DSE did not announce the share buy-sale of the company's sponsor-directors.
- Besides, the Chattogram Orthoreen Adalat in a ruling barred Maksudur Rahman, managing director of RSRM, from leaving the country in connection with a loan default case involving Tk313 crore.


BUSINESS STATUS OF RSRM




GOT LISTED ON THE STOCK MARKET IN 2014




FAILED TO DISBURSE DIVIDEND DECLARED FOR FY20




DECLARED NO DIVIDEND IN FY21




INCURRED A LOSS OF TK37.98CR IN FY21



SPONSORS & DIRECTORS FAILED TO COMPLY WITH THE MINIMUM 30% SHAREHOLDING OF PAID-UP CAPITAL



CHATTGRAM ORTHOREEN ADALAT BANNED THE FOREIGN TRAVEL OF THE COMPANY'S MD



SONALI BANK AUCTIONED RSRM'S FACTORY TO RECOVER DEFAULTED LOAN

<https://www.tbsnews.net/economy/stocks/rsrm-didnt-live-factory-reopening-declaration-401038>

Doreen Power's subsidiary gets BPDB nod to start commercial operation

The Business Standard, April 10, 2022

- The Bangladesh Power Development Board (BPDB) approved Chandpur Power Generation Limited - a subsidiary company of the Doreen Power Generations and Systems Limited - for starting its power plant's commercial operation. Doreen Power disclosed the information on the Dhaka Stock Exchange (DSE) website on Sunday.
- According to the disclosure, Chandpur Power already started the commercial operation of its 115 MW power plant on 11 February this year. But the company received the Commercial Operation Declaration (COD) from the BPDB on 6 April 2022.
- Earlier, Doreen Power decided to invest Tk680 crore to establish the power plant in Chandpur. Of the amount, Tk520 crore came in the form of syndicated loans under the supervision of the lead arranger Dhaka Bank, and Tk160 crore came from Doreen Power's funds - out of which Tk85 crore came from its stock dividends and retained earnings from the accounting year 2018-19.

<https://www.tbsnews.net/economy/stocks/doreen-powers-subsi-dary-gets-bpdb-nod-start-commercial-operation-400994>

CSE to ink deal with Indian MCX tomorrow

The Financial Express, April 11, 2022

- The move to introduce a commodity exchange advances further, as the authorities concerned are set to formulate the rules and regulations along with identifying products for the exchange. As part of the move, the Chittagong Stock Exchange (CSE) will sign a contract with the Multi Commodity Exchange of India Ltd (MCX) at a city hotel tomorrow (Tuesday).
- The MCX will facilitate the port-city bourse to frame rules and regulations as well as identify products for the long-awaited commodity exchange. Bangladesh Securities and Exchange Commission (BSEC) Chairman Prof. Shibli Rubayat Ul Islam and Indian High Commissioner Vikram K Doraiswami will attend the programme as the special guests. BSEC Commissioner Dr. Shaikh Shamsuddin Ahmed will be the guest of honour.
- According to the CSE officials, the port-city bourse will appoint the MCX as consultant and knowledge sharing partner for successfully establishing the commodity exchange. A commodity exchange is a legal entity that determines and enforces rules and procedures for trading standardised commodity contracts and related investment products.
- Among the south Asian countries, India, Pakistan and Nepal have established commodity exchanges. The CSE finalised the process of appointing the Indian MCX after receiving primary consent from the securities regulator in October 2021. The CSE officials said they developed a basic 'concept' for founding the commodity exchange in Bangladesh.

<https://thefinancialexpress.com.bd/stock/cse-to-ink-deal-with-indian-mcx-tomorrow-1649645616>

Economy & Industry

Banks relieved from contradictory regulatory pressures regarding dividends

The Business Standard, April 11, 2022

- Banks got relief from stock category downgrade in cases of their failure to pay cash dividends amid bars from their primary regulator. It came because the central bank does not allow banks to pay cash dividends in cases of inadequate capitalisation or provisioning and both local stock exchanges punish them by treating them as inferior Z category stocks.
- The Bangladesh Securities and Exchange Commission (BSEC), in a letter on Thursday, asked the bourses not to place any listed securities in the Z category if they fail to pay cash dividends for two consecutive years due to any regulatory restrictions or for the sake of regulatory compliances. Right now, only the lenders are the apparent beneficiaries of the relaxation as the Bangladesh Bank is the only primary regulator that restricts regulated firms' cash dividends if they lack sufficient capital or provisions.
- For example, four listed commercial banks could not pay any cash dividends to their shareholders for 2020 and only paid some stock dividends. They would be placed in the Z category in the stock exchanges this year in cases of failure to pay any cash dividends for 2021.

- BSEC relaxation granted it a big relief as its shares will not be treated as Z category in the bourses. Z category stocks face multiple problems as margin loans cannot be distributed against those, their trading settlement cycle is longer than A, B or N category stocks and very importantly many institutional investors face regulated restrictions in buying Z category stocks – all meant to discourage the demand for such stocks.
- In a meeting with the Bangladesh Bank and the BSEC on 1 March, bankers sought the relaxation among some others while discussing the reasons behind banks' ongoing low appetite for stock investments. The Z category is a unique creation to punish companies that lack regularity in shareholders' general meetings, dividends payout and operations.

<https://www.tbsnews.net/economy/banks-relieved-contradictory-regulatory-pressure-regarding-dividends-400986>

Lending leaping thru agent banking

The Daily Star, April 11, 2022

- Banks had initially focused on using agent banking platforms to mobilise deposits from rural areas, for which lending took a back seat. But lenders have recently reshaped this service of theirs which takes banking to the unbanked, ramping up lending operations through the branchless banking model.
- Loan disbursement through the agent banking channel stood at Tk 5,347 crore in 2021, up 182 per cent year-on-year, according to data from Bangladesh Bank. Md Arfan Ali, managing director of Bank Asia, said loan disbursements through the platform would increase manifolds within a year or two.
- The volume of loans will exceed the amount of deposits soon as banks are now keen to use the platform for loan disbursement, he said. The deposit balance stood at Tk 24,294 crore last year, an increase of 52 per cent from that the year before.
- Bank Asia, which accounted for 15 per cent of the outstanding loans in the agent banking platform, now concentrates on eight to 10 districts to disburse loans, Ali said. "But, we have planned to disburse loans among farmers and microenterprises of 64 districts within this year, which means credit volume of the bank will sharply rise," he said.

<https://www.thedailystar.net/business/economy/banks/news/lending-leaping-thru-agent-banking-3002271>

International

Russia jacks up its emergency spending fund by \$3.5b

The Daily Star, April 11, 2022

- The Russian government said on Sunday it has increased its reserve fund used for emergency spending by 273.4 billion roubles (\$3.52 billion) to ensure economic stability against the backdrop of Western sanctions over Ukraine. The sanctions, imposed after Russia invaded Ukraine on February 24 in what Moscow describes as a "special military operation", cut Russia off from the global financial system and supply channels.
- Western nations are also moving closer to a complete ban on energy from Moscow to strip the Kremlin of its biggest source of revenue. The government has already pledged more than 1 trillion roubles in anti-crisis support to businesses, social payments and to families with children, which will take up all of this year's incoming revenues, so there will be no budget surplus.
- The government said the main source of the reserve fund's increase was 271.6 billion roubles in additional energy revenues received in the first quarter, as oil and gas prices rose in response to the recovery from the impact of Covid-19 and the Russia-Ukraine conflict raised the risk of disrupted supply. Russia supplies around 40 per cent of the European Union's natural gas consumption, which the International Energy Agency values at more than \$400 million per day.

<https://www.thedailystar.net/business/global-economy/news/russia-jacks-its-emergency-spending-fund-35b-3002351>

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Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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