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Stock Market & Company

Dhaka stocks fall

The Financial Express, June 11, 2023

- DSEX, the key index of the DSE, lost 11.3 points, or 0.17 per cent, and settled at 6,341.57 points on Sunday after gaining 13.85 points on June 15. The turnover dropped to Tk 1,030.614 crore on Sunday compared with that of Tk 1,063.777 crore in the previous trading session.
- Out of the 354 issues traded, 64 advanced, 114 declined and 176 remained unchanged on Sunday. The DSE Shariah index lost 0.77 points, or 0.05 per cent, to close at 1,377.65 points on Sunday.
- The DS30 index lost 1.90 points, or 0.08 per cent, to finish at 2,190.98 points. Trust Islami Life Insurance Limited, Bangas Ltd, Legacy Footwear Ltd, Sea Pearl Beach Resort & Spa Limited, Meghna Cement Mills Ltd, Monno Ceramic Industries Ltd, Alif Industries Limited, Standard Ceramic Industries Ltd, GQ Ball Pen Industries Ltd and Navana Pharmaceuticals Limited were the top 10 gainers considering their closing prices on the day. Meghna Life Insurance Co Ltd topped the turnover chart with its shares worth Tk 55.63 crore changing hands on the day.

<https://www.newagebd.net/article/203950/dhaka-stocks-fall>

Listed cos to be penalised on failing to transfer unclaimed dividends to Stabilisation Fund

The Business Standard, June 11, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) is going to amend the listing regulations where the listed firms will be penalised with a monthly 2.5% surcharge in case they fail to transfer undistributed dividends to the Capital Market Stabilisation Fund (CMSF) timely.
- The commission has already instructed the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) accordingly. According to the BSEC, the surcharge will be imposed on the listed firms that fail to transfer the investors' unclaimed dividends to the CMSF within three fiscal years.
- The penalty will be charged on non-refunded public subscription money against their initial public offering (IPO) funds and all the accrued interests.
- Alongside the amendment for future unclaimed dividends, the BSEC has fixed 30 June this year as the last date for the listed firms to transfer the existing unclaimed dividend to the CMSF. Any firm that fails to meet this deadline will have to pay the surcharge.



<https://www.tbsnews.net/economy/stocks/listed-cos-be-penalised-failing-transfer-unclaimed-dividends-stabilisation-fund>

Regulator appoints observers at two life insurers

The Business Standard, June 11, 2023

- The insurance regulator has appointed observers at two life insurers to protect the interests of policyholders and ensure good governance in the companies. Progressive Life Insurance and Sunlife Insurance lost 3.93% and 2.96%, respectively, in the value of their shares at the Dhaka Stock Exchange (DSE) following disclosures the companies made on Sunday.
- However, the insurers earlier witnessed more than 71% and 10% jumps respectively in their share prices over a few days. According to stock exchange filings by the companies, the Insurance Development and Regulatory Authority (Idra) has appointed its Director Abdul Mozid as an observer to Progressive Life's board and Director Shah Alam to the Sunlife Insurance Company's board.
- Idra said in its letter that policyholders are constantly filing complaints with Idra due to the non-payment of insurance claims on time by the two companies. The regulator also added that non-payment of insurance claims on time is causing extreme dissatisfaction among customers and tarnishing the image of the insurance industry.

<https://www.tbsnews.net/economy/stocks/regulator-appoints-observers-two-life-insurers-647982>

Navana Pharma to issue Tk150cr bond for loan repayment

The Business Standard, June 11, 2023

- Navana Pharmaceuticals is going to issue a Tk150 crore bond, for a maturity period of five years, to repay its existing bank loans. Following a board meeting on Sunday, the drug maker in a price sensitive information disclosure on the Dhaka Stock Exchange (DSE) website, said the proposed bond would be partially convertible.
- "It will strengthen our financial position and provide us with the necessary capital to pursue our growth strategies," said Jounul Abedin, company secretary of Navana Pharmaceuticals.
- The bond would help save some interest expenses as the cost of bond capital would be lower than that of bank loans. The company would also enjoy a better cash flow as bond interest would be paid once in every six months while bank loans are paid back in monthly installments.

<https://www.tbsnews.net/economy/stocks/navana-pharma-issue-tk150cr-bond-loan-repayment-647978>

Lub-rref struggling to pay declared cash dividend

The Business Standard, June 11, 2023

- Lub-rref (Bangladesh) Ltd, a lubricant producer under the BNO brand, is struggling to pay the recommended 10% cash dividend for the fiscal year 2021-22 due to a shortage of liquidity.
- So far, the company has managed to pay the dividend to 50% of the eligible shareholders. The crisis has arisen due to injecting excess funds for raw materials import for the company's operations.
- Recently, the Bangladesh Securities and exchange commission (BSEC) formed a three-member inquiry team to conduct dividend issues, utilisation of initial public offering (IPO) funds, the role of the board and management, and relevant issues of the company since listing.
- BSEC Additional Director Mohammad Siddiqur Rahman is the team leader while Deputy Director Md Sirajul Islam and Assistant Director AKM Faruk Alam are members of the inquiry team. The team will review all the stipulated issues within 30 working days and submit the report to the commission.



<https://www.tbsnews.net/economy/stocks/lub-rref-struggling-pay-declared-cash-dividend-647554>

Rangpur Dairy & Food to buy 203 decimal land

The Business Standard, June 11, 2023

- The Rangpur Dairy & Food Products – a manufacturer of dairy and non-dairy products using milk in the country – has decided to purchase 203 decimals of land in Rangpur for expansion of its factory.
- The company, which is widely known as RD Food said, the cost of purchasing land is Tk4.06 crore excluding registration and related expenses.
- Its shares are being traded at Tk55 each as of 10:35am Sunday. According to a disclosure published on the stock exchanges on Sunday, it said the land will be used for expansion of factory area and construction of building in near future. The food manufacturer got listed on the capital market in 2011.

<https://www.tbsnews.net/economy/stocks/rangpur-dairy-food-buy-203-decimal-land-647546>

Changes brought in by the new Income Tax and Finance Bill for capital market

The Business Standard, June 11, 2023

- The corporate tax rate for publicly traded companies remained unchanged. However, there have been reduced tax rates applicable to publicly traded companies based on the percentage of shares floated through an initial public offering (IPO).
- For publicly traded companies that transfer shares worth more than 10% of their paid-up capital through an IPO, the tax rate is 20%. Otherwise, the tax rate will be 22.5%.
- To enjoy the reduced corporate tax rate, these publicly traded companies must fulfil certain conditions. Firstly, all receipts and income must be transacted through bank transfers. Any single payment above Tk5 lakhs must be done through a bank transfer. Secondly, cash payment for investment and expenses must not exceed Tk36 lakhs. Failure to meet these conditions will result in an additional 2.5% tax burden.

<https://www.tbsnews.net/economy/stocks/changes-brought-new-income-tax-and-finance-bill-capital-market-647682>

Tax rebate scope for investment in mutual funds narrows

The Daily Star, June 12, 2023

- The draft Income Tax Bill 2023 has delivered bad news for big investors of mutual funds though it has retained all benefits for stock investors, including the capital gains tax. Drafted in Bangla, the bill, which was placed in parliament on June 8 by Finance Minister AHM Mustafa Kamal, will replace the existing Income Tax Ordinance 1984.
- The new law proposed that investments up to Tk 5 lakh in any government securities, units of mutual funds, and exchange-traded funds will get a tax rebate. Previously, any amount of investment in mutual funds qualified for the tax rebate. The rebate on investments in any listed securities has remained unlimited.
- As a result, investors will be discouraged to park funds in mutual funds since they will not be eligible for the rebate if the investment crosses Tk 5 lakh, said a top official of an asset management company. The proposed law says the statutory regulatory orders that don't contradict the bill will remain in effect. This means the capital gains tax, which was waived by an SRO in 2015, will remain in force.

<https://www.thedailystar.net/business/economy/news/tax-rebate-scope-investment-mutual-funds-narrows-3343741>

Bank Asia to use AIW Works software

The Daily Star, June 12, 2023

- Bank Asia Limited has recently signed an agreement with AIW Works India, a cutting-edge technology company specialising in AI-based hyper-automation solutions for financial institutions. Adil Chowdhury, president and managing director of the bank, and Sohaib Siddiqui, founder of AIW Works, signed the deal at Bank Asia Tower in Dhaka, said a press release.
- Under the agreement, Bank Asia will leverage AIW Works' state-of-the-art AI-powered software solutions to automate and streamline various business processes.
- These advanced technologies utilise artificial intelligence to enhance operational efficiency, reduce errors, and accelerate processes, revolutionising how the bank operates.

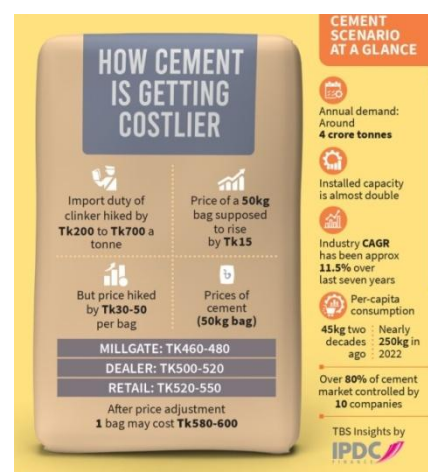
<https://www.thedailystar.net/business/economy/news/bank-asia-use-aiw-works-software-3343676>

Economy & Industry

Duty hike to make cement costlier, burden building costs

The Business Standard, June 11, 2023

- The duty structure proposed in the new budget is supposed to add Tk15 to the cost of production of cement per bag, but manufacturers mull a Tk30-Tk50 hike per bag at retail level, which will further increase the construction cost at all levels.
- Such an abrupt rise in the price of cement, a crucial ingredient for construction work, will add to the already high costs of other building materials including rod – be it for houses, offices, roads, mega projects, or factories, builders and contractors fear.
- In the proposed budget for the fiscal 2023-24, import duty on clinker, the primary raw material for cement, has been raised to Tk700 per tonne from the earlier Tk500. Besides, the new budget proposes increasing the specific rate of duty from Tk750 to Tk950 for commercial importers.



- Once the cement made from the new clinker supply comes to the market, the cost of production would go up and cement prices may shoot up to as high as Tk580 per bag at the retail level from Tk550 now depending on various brands, factory owners and dealers have hinted. This situation will make the lives of contractors miserable as they have been awarded projects prior to the increase in cement prices, as reported by contractors.

<https://www.tbsnews.net/economy/duty-hike-make-cement-costlier-burden-building-costs-648018>

Tobacco businesses to face higher taxes

The Daily Star, June 12, 2023

- Cigarette makers are expected to face higher taxes on their gross receipts from the next fiscal year as the National Board of Revenue (NBR) seeks to collect more taxes and discourage the health-hazardous business. The tax administration made the proposal in the Income Tax Bill 2023 placed by Finance Minister AHM Mustafa Kamal in parliament on June 8. The Bill will replace the existing Income Tax Ordinance 1984.
- As per the proposed law, manufacturers of cigarettes, bidi or handmade cigarettes, chewing tobacco and smokeless tobacco will need to pay a 3 per cent tax on their turnover as the minimum tax, up from 1 per cent currently. Also, the NBR wants to slap a flat 10 per cent tax deducted at source (TDS) on the supply of tobacco leaf by traders to tobacco companies, replacing the present multiple rates of TDS.
- The total economic cost of tobacco use was estimated at Tk 30,560 crore in 2017-18 when tobacco tax revenues stood at Tk 22,810 crore.

<https://www.thedailystar.net/business/economy/news/tobacco-businesses-face-higher-taxes-3343641>

International

Divided Fed expected to rally around a US interest rate pause

The Daily Star, June 12, 2023

- The US Federal Reserve is widely expected to pause its campaign of interest rate increases on Wednesday to give policymakers more time to assess the economic impact of existing hikes and recent banking stresses.
- But members of the rate-setting Federal Open Market Committee (FOMC) remain divided going into the meeting on June 13-14, with a minority still pushing for an 11th straight hike to fight inflation, which remains stubbornly above the Fed's long-term target of two percent.
- The Fed has raised its benchmark lending rate by five percentage points since March last year, lifting it to between 5.00 to 5.25 per cent. Senior officials including Fed chair Jerome Powell have indicated they may vote to hold the benchmark lending rate at the next meeting of the Fed's powerful rate-setting committee, while leaving the door open to an additional rate hike in July if necessary.
- "Skipping a rate hike at a coming meeting would allow the Committee to see more data before making decisions about the extent of additional policy firming," Fed governor Philip Jefferson said late last month.

<https://www.thedailystar.net/business/global-economy/news/divided-fed-expected-rally-around-us-interest-rate-pause>

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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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