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Stock Market & Company

Stocks gain for 2nd week

Newage, December 11, 2021

- Dhaka stocks increased for the second week in the past week as investors, encouraged by a finance ministry meeting with regulators, kept buying shares.
- DSEX, the key index of the Dhaka Stock Exchange, added 0.7 per cent, or 48.54 points, over the past week to close at 6,984.74 points on December 9, the last trading session of the week after gaining 84.11 points in the previous week.
- Of the 380 scrips traded on the DSE in the past week, 278 advanced, 79 declined and 23 remained unchanged. Average share prices of textile, food, general insurance, and pharmaceuticals sectors advanced by 6 per cent, 3.7 per cent, 3.3 per cent and 1 per cent respectively.
- Shariah index DSES added 1.13 per cent, or 16.54 points, over the past week to close at 1,475.46 points. DSE's blue-chip index DS30, however, dropped by 0.14 per cent, or 3.75 points, to finish at 2,632.19 points. The daily average turnover on the DSE inched up to Tk 1,061.80 crore in the past week compared with that of Tk 1,007.99 crore in the previous week.
- The Bangladesh Export Import Company led the turnover chart in the past week with shares worth Tk 496.94 crore changing hands. One Bank, GSP Finance Company, First Security Islami Bank, IFIC Bank, Delta Life Insurance, Genex Infosys, Orion Pharma, Sena Kalyan Insurance Company and Power Grid Company of Bangladesh Limited were the other turnover leaders in the week.

<https://www.newagebd.net/article/157096/stocks-gain-for-2nd-week>

64 cos get Dec 31, 2022 deadline for raising paid-up capital

The Financial Express, December 12, 2021

- The securities regulator has asked 64 listed companies, including multinational ones, to raise their paid-up capital to Tk 300 million by December 31, 2022. The Bangladesh Securities and Exchange Commission (BSEC) sent letters to the companies having paid-up capital shortfall on Thursday, asking them to comply with the listing regulations.
- As per section 9 (i) of the Dhaka/Chittagong Stock Exchange (Listing) Regulations 2015, the listed companies must have a minimum paid-up capital of Tk 300 million. The BSEC has asked the companies to submit a specific and detailed proposal to the commission within 30 days from issuance of the letter.
- "The commission will extend its cooperation in providing necessary regulatory approval, if any, and guidance for raising the paid-up capital as and when required for compliance," according to the letter.
- Of the 12 listed MNCs, four will have to increase their paid-up capital to comply with the regulatory requirement. Bata Shoe is required to increase the paid-up capital by Tk 163.20 million, Linde Bangladesh Tk 147.82 million, Reckitt Benckiser (BD) Tk 252.75 million, and Unilever Consumer Care Tk 180 million.
- Of the local listed companies having paid-up capital less than Tk 300 million, the existing paid-up capital of Bangladesh Autocars is Tk 43.26 million only. The company is required to raise Tk 256.74 million to comply with the regulatory requirement.

<https://thefinancialexpress.com.bd/stock/64-cos-get-dec-31-2022-deadline-for-raising-paid-up-capital-1639279403>

Robi Axiata to revise IPO fund utilisation plan

The Financial Express, December 10, 2021

- Robi Axiata, the country's second largest telecom operator, will revise its initial public offering (IPO) proceeds utilisation plan and extension of project completion time frame. In this regard, the board of directors of the telecom operator has decided to hold an extraordinary general meeting (EGM) for approval from general shareholders, the company said in a filing with the Dhaka Stock Exchange (DSE) on Thursday.
- Robi Axiata, which issued roughly 523 million ordinary shares with par value of Tk 10 each and raised a fund worth more than Tk 5.23 billion from a wide range of investors including own employees, commenced its share trading on December 24, 2020.
- Out of more than Tk 5.23 billion of IPO proceeds, the Robi has utilised over Tk 4.38 billion in network expansion and Tk 75.73 million in IPO expenses, which is 85.23 per cent of total IPO proceeds as of September 30, 2021, according to Chittagong Stock Exchange (CSE) data.
- As per the IPO prospectus, the company intended to utilise over Tk 5.15 billion in network expansion and Tk 80.2 million in IPO related expenses. The telecom operator was supposed to utilise the proceeds within six months of obtaining IPO funds as per the IPO prospectus.
- The Bangladesh Securities and Exchange Commission (BSEC) has recently allowed the company to revise its plan for the utilisation of IPO proceeds.

<https://thefinancialexpress.com.bd/stock/robi-axiata-to-revise-ipo-fund-utilisation-plan-1639115220>

BSEC urges 17 state-run cos for stock market listing

Newage, December 09, 2021

- The Bangladesh Securities and Exchange Commission on Thursday urged 17 state-run companies to be listed on the stock market for achieving excellence in business standards. The BSEC issued separate letters to the 17 companies regarding the matter on the day.
- In the letter, the BSEC said that the companies could raise capital through various methods, including issuing equity shares and bond for business expansion and people would be benefited by owing shares in the state-run companies. The enlistment on the stock market would lessen burden of the government regarding re-investment in the companies, the stock market regulator said.

- Among the 17 companies, Bakhrabad Gas Distribution Company Limited (a company of Petro Bangla), LP Gas Limited, Gas Transmission Company Limited, Jalalabad Gas Transmission and Distribution System Limited (a company of Petrobangla), Sylhet Gas Fields Limited, Bangladesh Gas Field Company Limited, Rupantarita Prakritik Gas Company Limited, North-West Power Generation Company Limited, Electricity Generation Company of Bangladesh Limited are from the power and energy sector.
- Pragati Industries Limited, Karnaphuli Paper Mills Limited, Bangladesh Insulator and Sanitaryware Factory Limited, Hotels International Limited, Biman Bangladesh Airlines Limited, Bangladesh Telecommunication Company Limited, Bangladesh Cable Shilpa Limited and Essential Drugs Company Limited are the other entities.

<https://www.newagebd.net/article/156909/bsec-urges-17-state-run-cos-for-stock-market-listing>

DSE halts trade of Tamha Securities

The Daily Star, December 10, 2021

- Dhaka Stock Exchange yesterday halted trade of stock brokerage firm Tamha Securities on receiving allegations of it embezzling investors' money. "For the sake of general investors, Tamha Securities' trading, business operations and activities as a depository participant has been halted," said the premier bourse in a circular.
- However, investors are allowed to transfer shares by opening a linked account with any other stock brokerage firm, it said. The DSE also sought observations and allegations against Tamha Securities.
- This is the fourth such firm facing such allegations. Previously Dawn Securities, Crest Securities and Banco Securities were accused of engaging in the malpractice. "We found a huge number of allegations against the brokerage firm of embezzling investors' funds, so we decided to halt its trading," said a top DSE official, preferring anonymity.

<https://www.thedailystar.net/business/economy/stock/news/dse-halts-trade-tamha-securities-2913846>

Index Agro to use 71% of IPO funds for loan repayment

The Business Standard, December 10, 2021

- Index Agro Industries Ltd — a manufacturer of poultry feed, fish feed, and a producer of day-old chicks, has decided to use 71% of its initial public offering (IPO) funds raised, to repay short-term loans it took from various banks for business expansion.
- But due to a delay of more than four years in getting IPO approval from the Bangladesh Securities and Exchange Commission (BSEC), the company took out short-term bank loans in order to complete its expansion project. The company applied for an IPO on 27 October 2016 and got consent from the BSEC only on 20 January 2021.
- In the meantime, the company had started to set up the required machinery and equipment, and started building & civil construction work for the expansion project, using bank borrowings and partially its own sources. Now, it has almost completed its expansion work.
- As it did not get the money on time, Index Agro is now revising its IPO utilisation plan to repay the loan. As per the rules, usually a company can use only one-third of IPO funds raised to repay loans.
- But now, Index Agro plans to use more than two-thirds of the IPO funds, amounting to Tk35.49 crore, to repay short-term loans although this was not initially part of its IPO plan.
- To revise the proceedings, on Thursday, the Index Agro board of directors approved the new fund usage plan for repaying loans. Now the company will apply to the BSEC for approval in this regard.

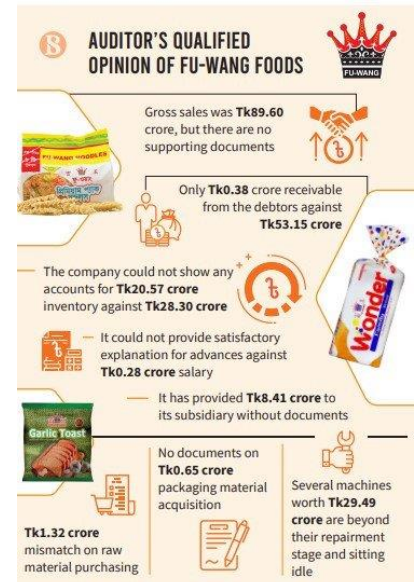


<https://www.tbsnews.net/economy/stocks/index-agro-use-71-ipo-funds-loan-repayment-341335>

Severe anomalies found in Fu-Wang Foods' accounts

The Business Standard, December 11, 2021

- An independent auditor has identified severe anomalies in Fu-Wang Foods' accounts for fiscal 2020-21. MABS & J Partners has mentioned the findings in its qualified opinion in the audited financial report of FY21. According to sources in the company, the auditor unearthed irregularities as per the requirement of the new board of the company.
- Earlier in July this year, the Bangladesh Securities and Exchange Commission (BSEC) restructured the company's board and recruited five independent directors as the previous board failed to comply with the minimum shareholding of 30%. Its board holds only a 9.26% share of the company, whereas general shareholders have 83.37%.
- Rahman Mostafa Alam and Co audited the company's annual accounts seven times from 2012 to 2020. In between, MABS & J Partners audited the accounts for fiscal 2015-16 only. But no auditor found any irregularities.
- In the audit report for fiscal 2020-21, the auditor said in a qualified opinion that the company has shown sales of Tk89 crore. But the company could not provide any documents regarding its sales.
- Meanwhile, the company mentioned Tk53.15 crore receivable from its customers. But it could not provide any list of debtors of Tk32.40 crore. On the contrary, out of the list of debtors, they have given, the auditor has been able to confirm only Tk0.38 crore.
- The company informed the auditor that it has an inventory of Tk28.30 crore. But it could not show the inventory worth Tk20.57 crore to the auditor.
- Besides, it could not show any documents and satisfactory explanations against Tk0.28 crore given as advance against salary, Tk0.19 crore given to Bristy Biscuit Factory, Tk8.41 crore given to subsidiary company Fu-Wang Beverage and Tk1.32 crore in the raw material purchase.



<https://www.tbsnews.net/economy/stocks/severe-anomalies-found-fu-wang-foods-accounts-342088>

DSE to encourage listing of top 100 firms; conference to be held 21 Dec

The Business Standard, December 09, 2021

- Dhaka Stock Exchange (DSE) has decided to invite the top 100 firms of the country to a conference to encourage them to be listed. The event, to be held on 21 December, will be attended by representatives of a hundred top-tier corporate groups will be invited.
- Speaking to The Business Standard, Bangladesh, M Shaifur Rahman Mazumdar, chief operating officer of the premier bourse, said, "Bangladesh has several thousand successful corporate entities who are operating as private companies. In the upcoming conference, we will present the benefits of going public. "We will present the prospects, opportunities of the country's capital market to the invited companies."
- Bangladesh Securities and Exchange Commission (BSEC) Chairman Professor Shibli Rubayat-ul-Islam will join the conference as the chief guest. Meanwhile, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Md Jashim Uddin will attend the event as the special guest.

<https://www.tbsnews.net/economy/stocks/dse-encourage-listing-top-100-firms-conference-be-held-21-dec-340819>

Walton starts commercial production of PCBs

The Business Standard, December 11, 2021

- Being the first domestic manufacturer, Walton Digi-Tech Industries Limited is producing Printed Circuit Boards (PCBs) and Printed Circuit Board Assembly (PCBAs) in its own factory. The Bangladeshi tech-giant is now commercially manufacturing various types of sophisticated PCBs with European standards machineries and advanced technologies, reads a press release.

- PCB is one of the major components of electrical, electronics and technology products as it is connected to various chips and electrical circuits (ICs). It creates paths and ensures the flow of electricity in different parts. Walton has been producing PCBs to meet its own demands. But now the domestic manufacturer has started producing PCBs for commercial purposes.
- Domestic electronics, electrical and technology entrepreneurs will be able to source PCBs produced by Walton. Walton's PCBs will be exported after meeting the local demand. Walton is also giving the facility to order customised PCBs as per demands.

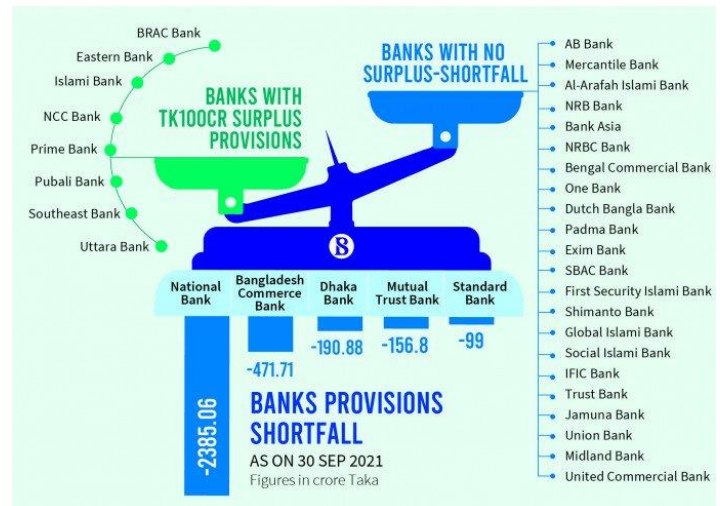
<https://www.tbsnews.net/economy/corporates/walton-starts-commercial-production-pcb-342028>

Economy & Industry

Most banks saved little to absorb post-moratorium shocks

The Business Standard, December 10, 2021

- The two-year payment deferral facility is nearing its end this December, but most of the banks have conserved little in their arsenals to absorb the post-moratorium shocks. The key indicators of the banking sector's health have already started to deteriorate with rising default loans, widening provision shortfall and capital erosion.
- Most banks made a healthy profit even amid the pandemic, thanks to provision forbearance amid the ongoing loan moratorium package, but many of them spent on dividends instead of saving for rainy days, leading to widening provision shortfalls coupled with rising default loans.
- Only a few banks have maintained higher provisions to offset losses arising from default loans. General provisions are balance sheet items representing funds set aside by a company as assets to pay for anticipated future losses. For banks, a general provision is considered to be supplementary capital under the first Basel Accord.
- The latest default loan statement of September shows only eight private banks out of 42 kept a good amount of surplus provision above Tk100 crore.
- They are Brac Bank, Eastern Bank, Islami Bank, NCC bank, Prime Bank, Pubali Bank, Southeast Bank and Uttara Bank. On the other hand, five banks – Bangladesh Commerce Bank, Dhaka Bank, Mutual Trust Bank, National Bank and Standard Bank – were in a provision shortfall even amid the loan moratorium period.
- The total surplus provision of private banks declined by Tk1,000 crore to Tk3,586 crore in September from December last year as the rise of default loans increased provision requirements for banks. The default loan of private banks surged to 5.47% in September from 4.66% in December last year, according to Bangladesh Bank data.



<https://www.tbsnews.net/economy/banking/most-banks-saved-little-absorb-post-moratorium-shocks-341470>

Investment proposals soar 50pc despite pandemic

The Daily Star, December 12, 2021

- The current financial year's first three months recorded 46 per cent higher investment proposals, both domestic and foreign, year-on-year in spite of the pandemic, said Bangladesh Investment Development Authority (Bida) yesterday. Proposals of about Tk 20,464 crore in investments have been registered during this period of 2021-22.
- Between July and September of financial year 2020-21, it was Tk 13,964 crore. If the latest proposals are implemented, about 29,000 new jobs will be created, said Bida in a press release on its quarterly statistics made public last Thursday.

- The latest offers came from 189 industries, of which 177 are local. They plan on putting to use around Tk 18,587 crore, which is Tk 5,887 crore higher than that last year. The chemical industry accounts for most of the locals' investment proposals. In addition, significant investment proposals came from the services, engineering and textile sectors.
- Of the remaining companies, seven are wholly foreign while five joint ventures with locals. They proposed investing Tk 1,877 crore. During the same three months last financial year, 20 non-local industries had come up proposing to invest Tk 1,285 crore.

<https://www.thedailystar.net/business/economy/industries/news/investment-proposals-soar-50pc-despite-pandemic>

International

US inflation surges to near 40-year high, testing Biden

The Daily Star, December 12, 2021

- US consumer prices rose last month at a rate not seen in nearly 40 years, the government reported Friday, underscoring how inflation threatens the world's largest economy and President Joe Biden's public support. The Labor Department's consumer price index (CPI) jumped 6.8 percent compared to November of last year, its biggest gain since June 1982 as prices for gasoline, used cars, rent, food and other goods continued to climb.
- While the report contained signs that the inflation wave may be reaching a crest, it nonetheless poses a political liability for the president, with the Republican opposition using it to argue against his economic policies. Biden countered that the report did not encompass recent declines in prices of energy and used cars -- two main drivers of the high inflation readings seen this year -- and that supply chain issues which have driven prices higher are being resolved.
- "Today's numbers reflect the pressures that economies around the world are facing as we emerge from a global pandemic -- prices are rising," Biden said in a statement. He added that "price and cost increase are slowing, although not as quickly as we'd like," but later acknowledged inflation was "a real bump in the road."
- Top Senate Republican Mitch McConnell blamed the White House for the price spikes, saying that the data "confirm what every American family already knows: Inflation is out of control on the Democrats' watch." Gasoline prices rose 6.1 percent last month, while prices of used cars climbed 2.5 percent, according to the CPI report.
- However, those were both the same increases as in October. The month-on-month rate of consumer price inflation also decelerated slightly to 0.8 percent, but that was nonetheless higher than expected.

<https://www.thedailystar.net/business/global-economy/news/us-inflation-surges-near-40-year-high-testing-biden-2915376>

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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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