

Key News

- ✓ [Dhaka stocks drop for 2nd day](#)
- ✓ [BB specifies NBFIs' investments for stock market exposure calculation](#)
- ✓ [IPO pipeline dries up as companies duck stock market listing](#)
- ✓ [Rahima Food returns to operations after 8yrs](#)
- ✓ [Star Adhesives allowed to raise Tk 5cr thru QIO](#)
- ✓ [NBR should continue money whitening scheme, say stock exchanges and merchant bankers](#)
- ✓ [Dhaka, Chattogram stock exchanges seek corporate tax cut](#)
- ✓ [Delta Spinners gets 2 months to comply with 30% shareholding rule](#)
- ✓ [IDLC Finance's profit declines in 2021](#)
- ✓ [BB relaxes policy for NBFIs defaulters](#)
- ✓ [No non-transactional fees on credit cards before activation: BB](#)
- ✓ [German investor morale rises](#)

Stock Market & Company

Dhaka stocks drop for 2nd day

The Newage, February 15, 2022

- Dhaka stocks dropped for the second day on Tuesday as investors continued selling shares amid sluggishness on the market. DSEX, the key index of the Dhaka Stock Exchange, lost 0.33 per cent, or 23.96 points, to close at 7,036.77 points on Tuesday after losing 28.78 points in the previous trading session.
- Before the two-day loss, the DSEX had gained 38 points in four trading sessions. Share prices of Rahima Food soared after the company announced coming into operations tomorrow. Share prices of British American Tobacco, LafargeHolcim Bangladesh, BEXIMCO, Beximco Pharmaceuticals and Robi dropped on Tuesday.
- Average share prices of general insurance, non-bank financial institution, bank and food sectors declined by 2.1 per cent, 1.4 per cent, 0.7 per cent and 0.7 per cent respectively. Share prices of engineering, textile and pharmaceutical sectors advanced by 2.2 per cent, 0.6 per cent and 0.1 per cent respectively.
- The DS30 index comprising of 30 large capitalised companies dropped by 7.87 points to finish at 2,589.25 points. The DSE Shariah index, however, added 0.01 points to close at 1,520.01 points.
- The daily turnover, a crucial indicator of the investors' participation, inched down to Tk 1,231.07 crore on Tuesday compared with that of Tk 1,241.77 crore in the previous session. Fortune Shoes led the turnover chart with its shares worth Tk 253.4 crore changing hands.

<https://www.newagebd.net/article/162858/dhaka-stocks-drop-for-2nd-day>

BB specifies NBFIs' investments for stock market exposure calculation

The Newage, February 15, 2022

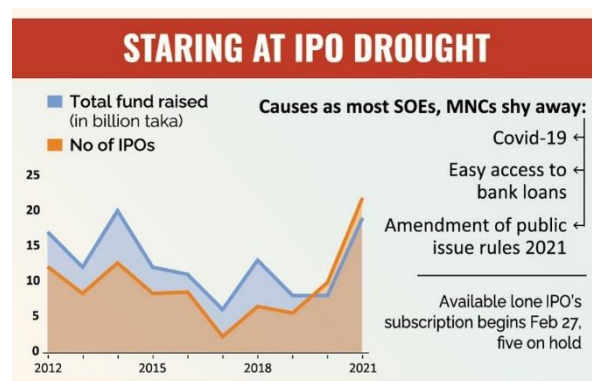
- The Bangladesh Bank on Tuesday specified the non-bank financial institutions' investment components which would be considered their capital market investments. A BB official said that the aim of the move was to bring the NBFIs' stock market investments under close monitoring of the central bank.
- As per the BB's clarification, the market prices of the shares, debentures, corporate bonds, mutual fund unit and other capital market instruments which would be held by the NBFIs would be considered their capital market investments.
- But, the NBFIs' equity investments in their subsidiary companies, long-term equity investments or investments in venture capital, Central Depository (BD) Ltd and shares of stock exchanges will be outside their capital market investments.
- Outstanding loans provided by the NBFIs to any subsidiary or associated company having directorship or indirect investments in the capital market will be considered the NBFIs' stock market investments, the BB said.
- Besides, outstanding loans to any company or any stock dealer having direct or indirect investments in the capital market will also be considered their stock market investments, it said, adding that any fund kept with such companies or stock dealers would also be considered their stock market exposure.
- Any fee paid to any fund formed for stock market investments will also be considered the NBFIs' capital market exposure. The BB also asked the NBFIs to report the central bank about their investments on a quarterly basis.

<https://www.newagebd.net/article/162857/bb-specifies-nbfis-investments-for-stock-market-exposure-calculation>

IPO pipeline dries up as companies duck stock market listing

The Financial Express, February 16, 2022

- Bangladesh stock-market's IPO pipeline dries up, with no such equity-investment opportunity in sight for the securities regulator to clear soon, as many eligible companies duck securities listings. Market analysts say the basket of initial public offerings or IPOs is at its driest level after many years, to the deprivation of particularly small investors in stocks.
- It is believed that the small investors who run for the IPOs will not get the equity-investment opportunity too soon after the lone JMI Hospital Requisite subscription, beginning February 27, is over.
- According to the market-regulator BSEC, only five companies' IPO proposals remained on hold. The issues remained "un-cleared for lack of requisite documents or having deficiencies".
- State-owned companies, having special privilege for floating shares through direct-listing method, also have shied away from offloading on the chips-hungry bourses for many years.
- However, some of the CEOs working with the country's merchant banks, who usually process IPOs, told the FE that easy funding from banks is one of the reasons for the supply line going dry, apart from the disruptive coronavirus pandemic.



<https://thefinancialexpress.com.bd/stock/ipo-pipeline-dries-up-as-companies-duck-stock-market-listing-1644978314>

Rahima Food returns to operations after 8yrs

The Newage, February 15, 2022

- Rahima Food Corporation has returned to business operations after remaining out of production for eight years. City Group in 2016 purchased all shares held by the company's sponsors with the aim of bringing the company into operations.
- The company had been out of business operations since 2013. On completion of ownership changing, Rahima Food in November 2017 said that they wanted to change the nature of its existing business.
- Rahima Food on Tuesday informed the Dhaka Stock Exchange that the company was going to commence its commercial operations for production and marketing of coconut oil with effect from February 17.

- Rahima Food Corporation Ltd was incorporated on 6 June 1990 as a private limited company, and in 1997, it entered the share market through Initial Public Offering (IPO). But on 19 July 2018, the DSE delisted its share trading because the company was not in operation for a long time. Its share trading resumed in DSE on December 29, 2020 after a break of more than two years.

<https://www.newagebd.net/article/162860/rahima-food-returns-to-operations-after-8yrs>

Star Adhesives allowed to raise Tk 5cr thru QIO

The Newage, February 15, 2022

- The Bangladesh Securities and Exchange Commission on Tuesday allowed Star Adhesives Limited, a concern of Partex Group, to raise Tk 5 crore from the capital market through a qualified investor offer to be listed on the SME platform of the country's stock exchanges.
- The BSEC made the decision at a commission meeting presided over by its chairman Shibli Rubayat-ul-Islam, a BSEC press release said. In accordance with the BSEC (Qualified Investor Offer by Small Capital Companies) Rules, 2018, the company will issue 50 lakh shares at Tk 10 each to eligible investors through the qualified investor offer, it said.
- The company will utilise the proceeds in renovating factory, current capital, paying loans and meeting issue management expenses. As per financial statement ended on June 30, 2021, the company's net asset value per share (NAV without revaluation reserve) and earnings per share were Tk 12.65 and Tk 1.8 respectively.
- The company will not be allowed to declare bonus dividend in three years after commencing trading on the SME board. AAA Finance and Investment Limited is the issue manager of the company.

<https://www.newagebd.net/article/162861/star-adhesives-allowed-to-raise-tk-5cr-thru-qio>

NBR should continue money whitening scheme, say stock exchanges and merchant bankers

The Financial Express, February 15, 2022

- The country's stock exchanges and merchant bankers have urged the National Board of Revenue (NBR) to continue with the provision of whitening black money by investing in the stock market with a 5 per cent penalty in the upcoming budget for FY22-23.
- This concession should be allowed without any question, said the members of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Bangladesh Merchant Bankers Association (BMBA) in their pre-budget discussion with NBR officials on Tuesday, reports UNB.
- In order to further expand the capital market, it has also been proposed to reduce the corporate tax rate difference between listed and non-listed companies to at least 10 per cent and to give tax exemption to encourage SME companies to enter the capital market.

<https://thefinancialexpress.com.bd/stock/nbr-continue-money-whitening-scheme-say-stock-exchanges-and-merchant-bankers>

Dhaka, Chattogram stock exchanges seek corporate tax cut

The Financial Express, February 15, 2022

- Both the bourses of the country have proposed a cut in corporate tax for listed companies, in order to encourage multinationals and good local companies to go public. The proposals were placed at a pre-budget meeting with the National Board of Revenue (NBR) at its conference hall in the city's Segunbagicha on Tuesday.
- During the meeting, Dhaka Stock Exchange (DSE) proposed a cut in corporate tax for listed companies from 22.50 per cent to 17.5 per cent. Besides, the premier bourse also proposed continuation of special facility on investment of undisclosed money in stock market by lowering tax rate on it to 5.0 per cent from existing 10 per cent.
- Referring to the system of 'not asking questions on source of income in investing on stocks after paying special tax' that has been removed from the draft Income Tax Law-2022, the CSE proposed including the facility in the draft law so that people could invest their legally earned but undisclosed money in stocks.

<https://thefinancialexpress.com.bd/stock/dhaka-chattogram-stock-exchanges-seek-corporate-tax-cut-1644979891>

Delta Spinners gets 2 months to comply with 30% shareholding rule

The Business Standard, February 15, 2022

- Bangladesh Securities and Exchange Commission (BSEC) has given two months to Delta Spinners Ltd to fully comply with the rule that requires sponsors and directors to jointly hold a minimum of 30% of a company's shares. The securities regulator sent a letter to the company in this regard on Tuesday. The company's sponsors and directors will have to buy the shares within two months of issuance of the letter.
- Earlier this month, the company sought time from the commission to comply with the rule. As of 31 January 2022, the sponsors and directors jointly held 20.51% shares in the company, while institutional investors held 6.52% and the public held 72.97% shares.
- The company issued right shares three times – in 1996, 2010, and 2014 – at the bourses to finance its business expansion. Share multiplication helped Delta Spinners increase its paid-up capital to Tk166 crore.

<https://www.tbsnews.net/economy/stocks/delta-spinners-gets-2-months-comply-30-shareholding-rule-371278>

IDLC Finance's profit declines in 2021

The Business Standard, February 15, 2022

- IDLC Finance Limited, a non-bank financial institution, has posted a 16.8% decline in its profits for the financial year that ended on 31 December 2021. Its consolidated earnings per share in the second year of the pandemic has declined to Tk5.34, which was Tk6.42 in 2020. Consolidated figures include all the subsidiary companies.
- After the company's earnings disclosure on the Dhaka Stock Exchange (DSE) website, its stock price dropped 2.2% to Tk57.7 per share at the bourse on Tuesday. The company will elaborate its annual performance with shareholders and analysts via an online conference on Thursday (17 February).
- IDLC Finance has recommended 15% cash and 5% stock dividends for the year 2021. On 31 December 2021, its net asset value per share stood at Tk42.41.

<https://www.tbsnews.net/economy/stocks/idlc-finance-profit-declines-2021-371287>

Economy & Industry

BB relaxes policy for NBFIs defaulters

The Daily Star, February 16, 2022

- Bangladesh Bank yesterday gave a remedy to the defaulters of non-bank financial institutions (NBFIs), saying the borrowers could get a waiver of 50 per cent on their interest amount if they repay loans within a year. However, the defaulters will have to provide a 2 per cent down payment of their bad assets to enjoy the one-time exit policy, according to a Bangladesh Bank notice. Loans that turned sour before December 31 last year can enjoy the relaxed policy, which allows NBFIs to waive 50 per cent of the interest imposed.
- Imposed interest is generated when lenders calculate the amount when loans stay in the unclassified zone and the default categories of sub-standard and doubtful loans. However, NBFIs can waive the entire uncharged and penal interests imposed on defaulters.
- Defaulters will have to apply to NBFIs to take the one-time exit by April 30. NBFIs will have to take the decision to provide the support to defaulters within the two months after applications are filed. Non-performing loans in the country's 34 NBFIs stood at Tk 11,757 crore as of September last year, up 17 per cent from nine months ago.

<https://www.thedailystar.net/business/economy/banks/news/bb-relaxes-policy-nbfi-defaulters-2963091>

No non-transactional fees on credit cards before activation: BB

The Business Standard, February 15, 2022

- The Bangladesh Bank has instructed banks not to charge credit cardholders any kind of non-transactional fee before they activate their cards. Non-transactional fees can be charged only after a customer activates a credit card, said the central bank in a directive issued for the banks on Tuesday.

- If an active credit card does not have any liability related to transactions made by the customer, no penalty other than a non-transactional fee can be imposed, said the central bank. Besides, the banks have to remove credit card holders, who did not make any transaction but were classified as defaulters due to unpaid non-transactional fees, from the list of defaulters.
- However, if a customer's credit card transaction liabilities are not cleared in time, he can be classified as a loan defaulter as per relevant policies.

<https://www.tbsnews.net/economy/banking/no-non-transactional-fees-credit-cards-activation-bb-371332>

International

German investor morale rises

The Daily Star, February 16, 2022

- Confidence among investors in Germany grew in February, according to figures published Tuesday, in spite of rising tensions with Russia over Ukraine and lingering supply chain issues.
- The ZEW institute's monthly barometer measuring economic expectations climbed 2.6 points to 54.3 after rising sharply in January by 21.8 points. Investors assessment of the current economic situation also advanced slightly by 2.1 points to minus 8.1, despite recent disappointing growth figures.
- "The economic outlook for Germany improved again in February despite growing economic and political uncertainty," ZEW president Achim Wambach said in a statement. Grounds for positivity was the expectation amongst investors, allowing an economic recovery in the first half of 2022, Wambach said.

<https://www.thedailystar.net/business/global-economy/news/german-investor-morale-rises-2963056>

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