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Stock Market & Company

Bangladesh stock market loses momentum

The Financial Express, February 16, 2022

- The benchmark index in the Dhaka stock market plummeted in the outgoing week after a single-week break, as investors rushed to book profit ahead of annual earnings and dividend declaration season. Of the five trading days this week, three sessions faced corrections and the two other sessions ended marginally higher.
- Week on week, DSEX, the prime index of Dhaka Stock Exchange, dropped 94.59 points or 1.33 per cent to settle at 6,991 after gaining 62.43 points in the previous week.
- During this week, the blue-chip DS30 index also slipped 23.64 points to finish at 2,573 and the DSE Shariah Index (DSES) lost 9.47 points to close at 1,508. The week's total turnover clocked in at Tk 59.67 billion on the prime bourse, down from Tk 66.18 billion in the week before.
- The daily turnover averaged out at Tk 11.93 billion on the premier bourse, which was 10 per cent lower than the previous week's average of Tk 13.23 billion. Investors were mostly active in the pharma sector, which captured 13.3 per cent of the weekly total turnover, closely followed by miscellaneous (12.7 per cent) and engineering (11 per cent). Market capitalisation of the DSE also declined 1.03 per cent to Tk 5,609 billion on Thursday from Tk 5,667 billion in the week before.
- Major sectors suffered losses with general insurance facing the highest correction, losing 6.40 per cent, followed by non-bank financial institutions (5.20 per cent), life insurance (3.40 per cent), power (2.0 per cent), cement (1.60 per cent), engineering (1.50 per cent), telecom (1.40 per cent), banking (1.10 per cent and pharma (1.0 per cent).

- Fortune Shoes was the most traded stock with shares worth Tk 5.01 billion changing hands, followed by Beximco, Orion Pharma, Bangladesh Shipping Corporation and Saif Powertec. Apex Foods was the week's top gainer, posting a 30.54 per cent gain, while the newly listed Union Insurance was the worst loser, shedding 16.49 per cent after the recent 'abnormal' price hike.
- The Chittagong Stock Exchange (CSE) also ended lower, with the CSE All Share Price Index (CASPI) plunging 310 points to settle at 20,459 and the Selective Categories Index (CSCX) losing 189 points to close the week at 12,283.

<https://thefinancialexpress.com.bd/stock/bangladesh-stock-market-loses-momentum-1645243827>

BSEC moves to make SME board functional

The Newage, February 17, 2022

- The Bangladesh Securities and Exchange Commission on Thursday lowered the minimum stock market investment requirement to Tk 20 lakh from Tk 50 lakh for being eligible for trading on the small and medium enterprise board on the country's stock exchanges.
- The investors would also be automatically registered as eligible investors for the trading purpose on the SME board if they meet the minimum investment requirement. The BSEC issued a notification in this regard on Thursday.
- The commission directed the Dhaka Stock Exchange Limited, the Chittagong Stock Exchange Limited, the Central Depository Bangladesh Limited, companies listed and to be listed on the small capital platform to comply with the notification issued on Thursday.
- According to the notification, any investor registered with the electronic subscription system of the exchanges at the time of qualified investors offers and any investor maintaining a minimum investment of Tk 20 lakh or above in the listed securities at market value or cost, which is higher, as per portfolio statement will be eligible as qualified investor for the purpose of trading of securities listed with the small capital platform of the stock exchanges.
- The Central Depository Bangladesh Limited must provide detailed information of eligible investors for trading on the secondary market of SME board on a quarterly basis to the stock exchanges and the stock exchanges must register automatically and update such list of eligible investors accordingly.

<https://www.newagebd.net/article/163024/bsec-moves-to-make-sme-board-functional>

BSEC asks 5 banks to take steps for IPO

The Newage, February 19, 2022

- The Bangladesh Securities and Exchange Commission has asked five banks to take necessary steps to get enlisted with the country's stock exchanges. On February 17 2022, the BSEC sent separate letters to the banks in this regard and forwarded copies of the letters to the Bangladesh Bank and the financial institution division of the finance ministry.
- The five banks are Meghna Bank, Midland Bank, Modhumoti Bank, NRB Bank and Shimanto Bank Limited. The BSEC letters sent to the five banks said that the banks had been in business in the country for a long time without complying with the Bangladesh Bank's condition.
- Therefore, the banks are asked to inform the BSEC after taking necessary steps on offloading shares on the stock market, it said. There are 60 scheduled banks operating in Bangladesh.
- Of them, 33 banks are listed on the stock exchanges and the banks hold around 16 per cent of the total market capitalisation.

<https://www.newagebd.net/article/163207/bsec-asks-5-banks-to-take-steps-for-ipo>

Zeal Bangla share keeps rising despite huge losses

The Financial Express, February 18, 2022

- The share price of the state-owned Zeal Bangla Sugar Mill is soaring despite the company is incurring huge losses and not giving any dividends for many years. The stock price of the loss-making sugar mills, listed with the bourses in 1988, jumped over 38 per cent to Tk 151.9, from Tk 113.2 in a span of just one week. The company, which has been incurring losses over the years, has once again recorded a jump in its stock price.

- The company has reported net loss of Tk 222.54 million for July-December 2021, as against loss of Tk 221.16 million in July-December 2020. Zeal Bangla Sugar incurred a loss of Tk 37.09 per share for July-December 2021, as against loss of Tk 36.86 per share in the same period a year earlier, according to the Dhaka Stock Exchange (DSE).
- In spite of poor performance in business, its unusual price movement prompted the market regulator to suspend the trading of Zeal Bangla stocks for a month in 2020. Market insiders blamed price manipulation due to a small volume of shares being behind the artificial crisis.

<https://thefinancialexpress.com.bd/stock/zeal-bangla-share-keeps-rising-despite-huge-losses-1645156713>

Fortune Shoes nets more profit from risky stock investment

The Daily Star, February 20, 2022

- Fortune Shoes earned more money from its stock market investment than its core business of footwear selling in the first half of the current financial year. What is more, most of the investment it made was in risky stocks, which already doubled or tripled in recent months.
- This led financial analysts to warn investors that they should be cautious before investing in the listed shoemaker as its profits may plunge anytime with the fall of the shares where the company has poured its funds.
- In the July to December period of 2021-22, the profit of Fortune Shoes more than tripled to Tk 32 crore, year-on-year. It logged in profit before tax of Tk 18 crore from its shoe operation whereas Tk 19.39 crore came from the stock market investment, according to its financial statements.
- The income from the investment was zero in the first half of the previous year. Fortune Shoes has pumped more than Tk 44 crore in the stock market. Almost all of the fund was invested in Sonali Paper, Genex Infosys, Bangladesh National Insurance, and Asia Insurance.

<https://www.thedailystar.net/business/organisation-news/news/fortune-shoes-nets-more-profit-risky-stock-investment>

Beximco Synthetics' EGM for exit plan approval

The Business Standard, February 17, 2022

- In order to secure shareholder approval for its exit plan from the stock exchanges, Beximco Synthetics Ltd will hold an extraordinary general meeting (EGM) on 10 March this year. As per the plan, the company's sponsors and directors will buy its ordinary shares back from the general shareholders at a face value of Tk10 each.
- Currently, general shareholders including institutional investors hold 5.57 crore shares of the company. In September last year, the company's board of directors decided to wind-up and delist Beximco Synthetics from the bourses.
- On 8 September, the BSEC suspended trading of the company's shares in the stock market and in December, the Bangladesh Securities and Exchange Commission (BSEC) approved the company's exit plan. In its EGM notice, Beximco Synthetics also explained the reason for its exit plan.
- The company said despite its best efforts, its business was significantly hampered by the government's reduction of duties on the importing of synthetic yarn. Consequently, cheap Chinese products took over the market and the production of synthetic yarn in Bangladesh became completely unviable.

<https://www.tbsnews.net/economy/stocks/beximco-synthetics-egm-exit-plan-approval-372292>

Ring Shine Textiles needs Tk30cr to stay afloat

The Business Standard, February 17, 2022

- Performing poorly, Ring Shine Textiles Ltd wants to use another Tk30 crore of its initial public offering (IPO) funds to run the business. The textile manufacturer has already applied to the Bangladesh Securities and Exchange Commission (BSEC) for its approval.
- It has utilised Tk90 crore of its Tk150 crore in IPO funds, raised upon listing on the stock exchanges in 2019. The company spent Tk50 crore on debt servicing and Tk40 crore on its factory which was out of operation for a long time.
- The textile maker now says it needs Tk30 crore to assist in production and sales. In the January-March quarter, it will clear Tk10 crore of the Tk22 crore in dues to retrenched workers. And the company will pay Tk1 crore against total dues of Tk8 crore to the Titas Gas Transmission and Distribution Company.

- It will pay another Tk9.5 crore to the Bangladesh Export Processing Zones Authority (Bepza) against its dues of Tk47 crore to the state-run agency. On 13 June 2021, the factory went back into production at 25% capacity. Production stopped in September 2020, badly affected by the Covid-19 pandemic.
- Shortage of working capital, a decline in orders from foreign buyers, and a shortage of imported raw materials accelerated the factory shutdown.

<https://www.tbsnews.net/economy/stocks/ring-shine-textiles-needs-tk30cr-stay-afloat-372316>

Regulator scraps Dominage Steel's stock dividend proposal

The Business Standard, February 19, 2022

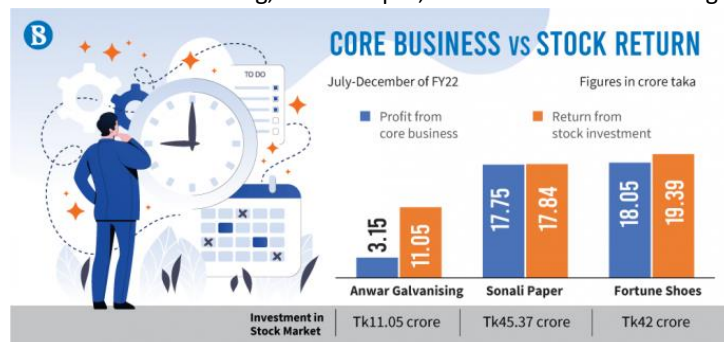
- The market regulator turned down a proposal of a 5% stock dividend by Dominage Steel Building Systems last week – to protect the interest of its investors. It recommended a 10% dividend – 5% cash and 5% stock – for the last fiscal year that ended in June 2021.
- The manufacturer of pre-engineered steel buildings structure had recently sought approval from the Bangladesh Securities and Exchange Commission (BSEC) for the stock dividend.
- The company, engaged in the prefabricated steel structure business, had raised Tk30 crore from stock exchanges through an initial public offering (IPO) in August 2020. It could not use the IPO funds due to the Covid-19 pandemic even after taking approval from its shareholders and the regulator.
- In July-December of 2021, the revenue of the company was Tk23.07 crore down from Tk26.17 crore a year earlier. Its net profit was Tk3.04 crore compared to Tk6.30 crore in the final six months of 2020. In addition, its earnings per share were Tk0.30 and net asset value per share was Tk16.99 as of 31 December 2021. And the retained earnings was Tk71.67 crore.

<https://www.tbsnews.net/economy/stocks/regulator-scraps-dominage-steels-stock-dividend-proposal-373009>

3 firms' profits, shares rise unusually based on 'rumours'

The Business Standard, February 19, 2022

- Share prices of three companies soared unusually on "rumours" of high profits for the July-December period and the expectations turned out to be true but on the back of a robust return from stock investments, instead of their core business.
- Much before their stock exchange filings, investors turned to Anwar Galvanising, Sonali Paper, and Fortune Shoes for high returns after a message had spread that the companies would come up with a hefty profit.
- In June-September last year, Anwar Galvanising's share price jumped by 422% to Tk483 each, according to the Dhaka Stock Exchange (DSE).
- The evidence of this was found in the profit declaration for fiscal 2020-21. The GI fittings manufacturer reported a 64% profit rise from its core business while the figure was way higher at 103% from stock returns.
- And in the first six months of the current fiscal year, its profit from GI fittings fell 9%, still, the company reported a 380% growth in its EPS to Tk7.63. According to its half-yearly financial report, the company invested Tk11.05 crore in the Lafarge Holcim and Eastern Housing shares.
- Golden Paper and Fortune Shoes, engaged in the paper and footwear business respectively, have done the same. In the six months through December, Sonali Paper earned Tk17.75 crore from its core business while its gains from stock investments were Tk17.84 crore. As a result, the company's total profit increased by 578%.



<https://www.tbsnews.net/economy/stocks/3-firms-profits-shares-rise-unusually-based-rumours-373060>

Economy & Industry

Uneven recovery in garment industry

The Daily Star, February 20, 2022

- Bangladesh's garment industry might be brimming with export orders from international buyers thanks to the ongoing turnaround of the global apparel supply chain, but it is the larger units that are running in full swing while smaller ones have been pushed into corners. More than 1,000 small members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and nearly 1,500 non-member factories are not getting enough orders to survive.
- What is worse, the small factories that have been fortunate to keep factories up and running are not receiving expected prices.
- Amid the slump in business, many small factories are already closed and many are planning to follow suit because of the lower flow of work orders and lower prices.
- And this is happening at a time when Bangladesh's garment industry has been receiving a record volume of export orders for several months now.
- In keeping with the recovery of the supply chain from the severe fallouts of Covid-19, a lot of work orders are shifting from China, Myanmar, Ethiopia, Vietnam, India and Pakistan to Bangladesh, thanks to competitive price, uninterrupted supply even during covid-19, and globally standard safety and compliance in major big garment units.
- But smaller factories have been hamstrung by poor compliance, weaker financial strength, lack of modern machinery, skilled workers and negotiation skills, and their inability to produce value-added high-end garment items. As a result, most of them are involved in sub-contracting and producing basic garments.

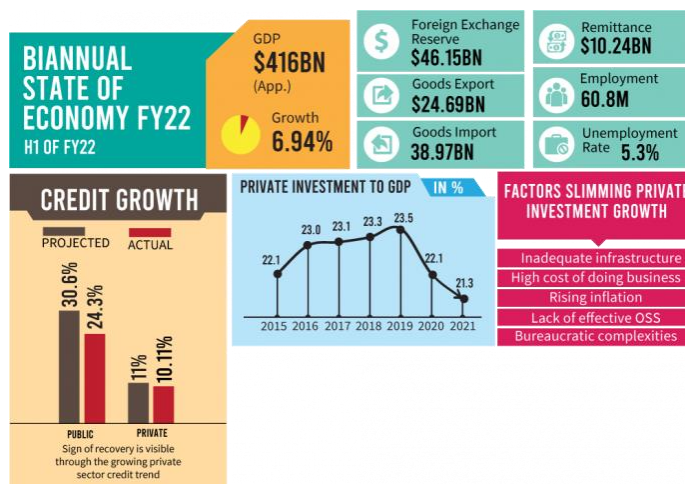


<https://www.thedailystar.net/business/economy/industries/news/uneven-recovery-garment-industry-2966181>

Economic trend promising, but inflation worries remain: DCCI

The Business Standard, February 19, 2022

- The country's economy showed a promising trend in the first six months of the current fiscal year despite the global supply chain disruption and slow demand, but inflationary pressure remains a major worry for future recovery, business leaders said at a webinar in Dhaka on Saturday.
- They recommended effective measures to attract private investment and foreign direct investment (FDI) by improving the business environment to ensure economic growth while maintaining export earnings as well as controlling inflation.
- "Export earnings grew by more than 28% during the period. Imports and revenue collection also increased by 54% and 17% respectively," Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI) said, presenting an overall assessment of Bangladesh's economy in the first half of the current fiscal.
- However, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Jashim Uddin expressed doubts about the sustainability of this trend of increased export earnings, saying that buyers bought more garments this year compared to the year before and the volume of orders may drop in the future.



- On the other hand, he identified the rise in daily commodity prices to be the reason for the increase of the government's revenue collection. The keynote address pointed out that FDI accounts for only 0.61% of the country's gross domestic product (GDP), while in Vietnam it is 6.2%. The rate is also below that of India and Indonesia where the rate is respectively 2.2% and 1.76%.
- The DCCI recommended reducing the cost of doing business to improve the investment climate, ending discrimination against domestic and foreign investors, restructuring the tax structure and expediting the launching of economic zones.

<https://www.tbsnews.net/economy/economic-trend-promising-inflation-worries-remain-dcci-373063>

International

Stocks buckle on ongoing Ukraine fears

The Newage, February 19, 2022

- Global stock markets retreated on Friday at the end of a highly volatile week rocked by twists and turns in the Ukraine crisis and concerns about coming interest rate hikes. Wall Street had already seen a steep drop on Thursday on renewed fears that Russia would soon invade Ukraine, as well as long-running angst about the Federal Reserve's plans to hike interest rates.
- US markets ended lower again on Friday, with the Dow shedding 0.7 per cent. The S&P 500 and tech-heavy also closed lower, after starting the session briefly in the black. In Europe, London's FTSE 100, the Paris CAC 40 and Frankfurt's DAX all ended the week in negative territory.
- Shellfire rang out near the frontline between government forces and rebel-held territory in eastern Ukraine, as Kyiv and Washington accused Russia of seeking to provoke an incident to falsely justify an invasion.
- Russian President Vladimir Putin, who will oversee a ballistic missile drill this weekend, warned of a 'deterioration of the situation' in eastern Ukraine, while the United States warned an invasion could come imminently.
- Oil prices rise- The crisis in Ukraine comes as traders continue to contend with the prospect of US interest rates rising sharply this year as the Fed tries to rein in inflation at a 40-year high. After spending most of last year saying surging prices would be transitory, the US central bank is now in fire fighting mode.

<https://www.newagebd.net/article/163214/stocks-buckle-on-ongoing-ukraine-fears>

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