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Stock Market & Company

Stocks plunge further as major sector slump

The Financial Express, February 20, 2022

- The market nosedived further on Sunday as the risk-averse investors dumped their holdings on major sector stocks, fearing further fall of share prices. After falling below the 'psychological' threshold of 7,000 points in the previous day, the core index of the Dhaka Stock Exchange (DSE) slid 64.73 points or 0.92 per cent to settle at 6,926.
- Two other indices also ended sharply lower with the DSE 30 Index, comprising blue chips, plunged 28.23 points to finish at 2,545 and the DSE Shariah Index (DSES) lost 9.37 points to close at 1,498. Turnover, a crucial indicator of the market, remained low and amounted to Tk 11.40 billion, which was 13.4 per cent lower than the previous day's tally of Tk 10.05 billion.
- Prices of more than 71 per cent traded issues closed in the red as out of 380 issues traded, 270 declined, 77 advanced and 33 remained unchanged on the DSE trading floor.
- Fortune Shoes topped the turnover chart with shares worth Tk 1.90 billion changing hands, followed by Beximco (Tk 550 million), National Life Insurance (Tk 395 million), Orion Pharma (Tk 335 million) and Bangladesh Shipping Corporation (Tk 198 million).

- Hakkani Pulp & Paper was the day's top gainer, posting 10 per cent gain while Genex Infosys was the worst loser, losing 8.73 per cent. The Chittagong Stock Exchange (CSE) also ended sharply lower with the CSE All Share Price Index – CASPI –losing 229 points to settle at 20,230 and the Selective Categories Index – CSCX shedding 139 points to close at 12,143.
- Of the issues traded, 211 declined, 77 advanced and 25 issues remained unchanged on the CSE.
- The port city's bourse traded 14.88 million shares and mutual fund units with turnover value worth about Tk 375 million.



<https://thefinancialexpress.com.bd/stock/stocks-plunge-further-as-major-sector-slump-1645351744>

Bourses asked to report on OTC cos' share demat status

The Newage, February 20, 2022

- The Bangladesh Securities and Exchange Commission has asked the Dhaka Stock Exchange and the Chittagong Stock Exchange to submit reports about status of dematerialisation process of the share trading on the over the counter market or companies to be traded on the small capital platform and alternative trading board.
- The BSEC on February 17 issued a letter to the bourses and Central Depository of Bangladesh (CDBL) regarding the matter. The CDBL is the body responsible for storing and maintaining investor's securities in demat or electronic format.
- The bourses and the CDBL were asked to submit the report within seven days. The regulator also asked the stock exchanges to submit shareholding position in the report. There were 60 companies under the DSE's OTC market as on October 1, 2020.
- Earlier on September 16, the BSEC abolished the OTC market and had decided to send 23 OTC companies to small capital platform and 18 companies to alternative trading board of the country's stock exchanges. Nineteen other companies would be delisted from the market in accordance with the BSEC's December 28, 2020 exit plan directive.

<https://www.newagebd.net/article/163295/bourses-asked-to-report-on-otc-cos-share-demat-status>

Four listed companies allowed to issue stock dividend

The Financial Express, February 21, 2022

- The securities regulator has accorded consent to four listed companies for issuance of stock dividend for the year ended on June 30, 2021. The companies are SAIF Powertec, Associated Oxygen, Intraco Refueling Station and Kay & Que (Bangladesh).
- The companies have also fixed record dates for the entitlement of stock dividend. As per the BSEC consent, SAIF Powertec will issue 6.0 per cent stock dividend for the year ended on June 30, 2021 and the record date for entitlement of such dividend is February 28 this year.
- Associated Oxygen has received the BSEC's consent to issue 7.0 per cent stock dividend for the year ended on June 30, 2021 and the record date for the entitlement of such dividend is March 2, 2022. As per the BSEC's consent, Intraco Refueling Station will issue 8.0 per cent stock dividend for the year ended June 30, 2021.
- The company has fixed the record date on March 1, 2022 for entitlement of the aforesaid stock dividend. Kay & Que (Bangladesh) has received the BSEC's consent to issue 5.0 per cent stock dividend for the year ended June 30, 2021.

<https://thefinancialexpress.com.bd/stock/four-listed-companies-allowed-to-issue-stock-dividend-1645430714>

Supreme Court clears way for appointing administrator to Delta Life

The Financial Express, February 21, 2022

- The Appellate Division of the Supreme Court (SC) on Sunday cleared the way for appointing an administrator to Delta Life Insurance Company Limited until March 6, upholding a stay on a High Court order in this regard till that day, reports BSS.
- A three-member Appellate Division bench headed by Chief Justice Hasan Foez Siddique passed the order, adjourning the matter till March 6.
- "The High Court order declaring illegal the appointment of an administrator to the company will remain stayed and the court asked Insurance Development & Regulatory Authority (IDRA) to file a regular appeal against that by this time," Barrister Mostafizur Rahman Khan, who argued for IRDA during the hearing, told newsmen.
- The High Court on January 6 declared the IRDA's decision of suspending Delta Life Insurance board of directors and appointment of an administrator illegal. The IRDA appealed against the High Court verdict and the Appellate Division Chamber Judge stayed the judgment and sent the matter to the apex court full bench for further hearing.

<https://thefinancialexpress.com.bd/stock/supreme-court-clears-way-for-appointing-administrator-to-delta-life-1645417821>

AB Bank's bond subscription time extended until May 22

The Financial Express, February 21, 2022

- The subscription period of AB Bank Perpetual Bond for general public and eligible investors through the electronic subscription system of the stock exchanges has been extended until May 22 due to poor response. As per earlier schedule, the bank's bond subscription was held between January 30 and February 17, aiming to raise Tk 600 million.
- The subscription period of the bond has been extended as per Bangladesh Securities and Exchange letter dated February 16, said the bank in a filing with the Dhaka Stock Exchange (DSE) on Sunday. The general public, including non-resident Bangladeshis (NRBs) can apply through stockbrokers or merchant banks while the eligible investors can participate through electronic subscription system (ESS).
- Minimum subscription amount is Tk 1,000 (face value) or its multiples and there is no maximum bar. Participating eligible investors shall be required to pay full subscription amount and subscription fee is Tk 3,000 in the prescribed bank as of May 22.
- Earlier on November 23, 2021, BSEC accorded its consent to AB Bank for raising Additional Tier-I (AT-I) capital through issuance of Perpetual Bonds of Tk 6.0 billion. Of the Tk 6.0 billion, Tk 5.40 billion will be issued through private placement and the remaining Tk 600 million under the public offering, as per the BSEC approval.

<https://thefinancialexpress.com.bd/stock/ab-banks-bond-subscription-time-extended-until-may-22-1645432572>

DSE seeks tax waiver for interest earnings from bonds, Sukuk

The Newage, February 20, 2022

- The Dhaka Stock Exchange Limited has proposed that the government offer investors exemption from income tax on interest earnings from bond and Sukuk investments in the forthcoming national budget for the fiscal year 2022-2023.
- At a pre-budget meeting with the National Board of Revenue on February 15, DSE officials said that the size of corporate bond in the country was very small, but tax exemption for interest from bond might vibrant the local bond market.
- They also demanded a reduction in the corporate tax rate of listed companies from the existing 22.50 per cent to 17.50 per cent. Reduced tax rate would encourage multinational and good quality companies to be listed on the stock exchanges, they said.
- Considering the present market situation, the officials also proposed extending the limit of income from dividend received from a company listed in any stock exchange in the country up to Tk 2.50 lakh to attract the small investors. The DSE also demanded reducing the source tax from the TREC holders at maximum 0.15 per cent on the value of transaction.

<https://www.newagebd.net/article/163296/dse-seeks-tax-waiver-for-interest-earnings-from-bonds-sukuk>

Sonali Aansh posts 214% earnings jump in Q1

The Business Standard, February 20, 2022

- Jute-based products manufacturer Sonali Aansh Industries Ltd reported a 214% growth in earnings per share (EPS) to Tk0.44 in the July-September quarter of the ongoing 2021-22 fiscal year. The company's board approved the financial statements for the quarter on 17 February, which were published on the Dhaka Stock Exchange (DSE) website on Sunday.
- The profit growth of the company attracted investors to buy its shares at Tk498.7 each on Sunday, which was 4.57% higher compared to the previous trading session. On the day, 56,000 shares were traded for Tk2.82 crore while the total number of outstanding shares of the company is 27.12 lakh.
- To explain the higher growth to the stock exchange, the company said that EPS has increased due to an increase in net profit. At the end of the first quarter of FY22, its net asset value per share stood at Tk226.09 and the net operating cash flow per share Tk0.62.
- Earlier, the company had paid a 10% cash dividend to its shareholders for FY21. Last year, the company's EPS was Tk1.13, up by 82% compared to the previous year. But its auditor said the company did not charge the depreciation against their asset, which is why its net asset value and profit were overstated.

<https://www.tbsnews.net/economy/stocks/sonali-aansh-posts-214-earnings-jump-q1-373552>

National Tea plans to raise paid-up capital by issuing right shares

The Business Standard, February 20, 2022

- The publicly-listed National Tea Company wants to increase its paid-up capital by issuing the right shares to comply with the regulatory requirements. The tea manufacturer has recently sought approval from the Bangladesh Securities and Exchange Commission (BSEC) to this end.
- The company has been generating profits from 2000 to 2019. But the state-owned firm suffered losses for the last two years due to the Covid-19 pandemic. In the July-December period of 2021, the net profit of the company was Tk5.72 crore, up from Tk1.59 crore a year earlier.
- In this situation, the company will be able to increase its paid-up capital by issuing rights shares if the stock market regulator provides legal exemptions for the company. The company will take the next decision after getting approval from the stock market regulator.
- Earlier, Padma Bank Chairman Chowdhury Nafeez Sarafat joined the board of the company as a shareholding director. According to the shareholding report as of 31 December 2021, Finex Software Ltd bought 2.1% shares of the company and nominated Nafeez to its board. He attended the last board meeting.

<https://www.tbsnews.net/economy/stocks/national-tea-plans-raise-paid-capital-issuing-right-shares-373555>

Nitol Insurance earnings grow 3.17% in 2021

The Business Standard, February 21, 2022

- Nitol Insurance Company has registered an almost flat year in 2021. The publicly listed non-life insurer has posted 3.17% higher or Tk11.77 crore in net profit for the year, while annual earnings per share increased to Tk2.93, from Tk2.84 a year earlier.
- Nitol Insurance board recommended a 12.5% cash dividend for its shareholders. It means, against each share of Tk10 in face value and Tk57.9 in market value, investors will receive Tk1.25 in cash after the company's 23rd annual general meeting scheduled to be held on 24 April via a digital platform.
- On the announced record date, 15 March 2022, Nitol Insurance shares will not be traded on bourses as the company will identify its shareholders to be entitled to participate in the general meeting and avail dividends. At the end of December, the company's total net asset stood at Tk117.25 crore, which is Tk29.16 per share.

<https://www.tbsnews.net/economy/stocks/nitol-insurance-earnings-grow-317-2021-373966>

Why BDBL is selling Investment Corporation shares

The Business Standard, February 21, 2022

- After selling one lakh shares of the Investment Corporation of Bangladesh (ICB) in January, its corporate director the Bangladesh Development Bank Ltd (BDBL) last week announced offloading of another 10 lakh ICB shares on the public market.
- Sources at both the state-owned entities said BDBL is pursuing its approved plan to sell more than one crore ICB shares out of its total holding of 206,538,492 in phases. The development bank is reducing its stake in the Investment Corporation in a move to comply with the ICB Act 2014 which does not allow it to hold more than 24% of ICB shares.
- BDBL, which emerged in 2010 through the amalgamation of two state-run development financiers the then Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha, was holding 24% of ICB shares until fiscal 2014-15.
- In that fiscal year, ICB issued 1 right share against every two of its existing shares in a bid to increase its paid-up capital. But, some investors did not subscribe to the ICB right shares in the then bearish phase of the stock market.
- And that changed the shareholding ratio within ICB. BDBL's stake in ICB surpassed its legal ceiling of 24% and over the years stock dividends to all shareholders only widened the stake gap as stock dividends were essentially being issued against existing shares held by each investor.

<https://www.tbsnews.net/economy/stocks/why-bdbl-selling-investment-corporation-shares-373990>

Kay & Que plans to get into LPG filling, food business

The Business Standard, February 21, 2022

- After failing to survive in the carbon rod, coal tar and pesticide business, Kay and Que now want to try their luck in food processing and liquefied petroleum gas (LPG) filling.
- "Along with the existing CNG station, we want to add LPG filling and fuel filling services on our premise, which will make us a one-stop station for all types of vehicles," said Abdul Awal Mintoo, chairman of the company, in its annual report for fiscal 2020-21
- Speaking on condition of anonymity, a senior official at Kay and Que (Bangladesh) Ltd, said the company board has not yet finalised its decision on opening a food business. But it is now assessing the food market.
- Besides, the listed company is going to amalgamate with MultiSourcing Ltd, an ICT-based firm, with the hope that income from the ICT wing will boost the company's overall profit performance which will subsequently make a positive impact on the shareholders' interest.
- The High Court already endorsed the amalgamation, but the Bangladesh Securities and Exchange Commission (BSEC) moved a petition against approval.

<https://www.tbsnews.net/economy/stocks/kay-que-plans-get-lpg-filling-food-business-373996>

Economy & Industry

Bangladesh capital market: Looking back and forward

The Daily Star, February 21, 2022

- Fifty years of Bangladesh is marked with a few significant achievements. The country became a \$400-plus billion economy in 2021. Per capita income rose to \$2,554 in FY21, which is higher than our neighbouring countries, including India. Foreign reserves hit a record high of \$48 billion while export increased by 30 per cent, imports by 51 per cent and revenue collection by 26 per cent year-on-year in 2021.
- The International Monetary Fund forecasts Bangladesh economy to grow by 6.6 per cent in FY2022. Bangladesh may grow even at a faster pace in 2022 if the vaccination rate rises and the effect of the pandemic is well contained considering the emergence of a new variant. Bangladesh is set to become the 24th largest economy out of 191 countries by 2036, according to the Centre for Economics and Business Research.
- The capital market also had a remarkable year in 2021. The Dhaka Stock Exchange (DSE) witnessed a return of more than 20 per cent two years in a row. In fact, the DSE's 25.1 per cent return in 2021 was one of the best in the world.

- The DSE also witnessed a decade-high daily average turnover and an increase in market capitalisation to GDP ratio. With a dynamic team at the Bangladesh Securities and Exchange Commission (BSEC), the market is turning a critical corner with several structural changes that can shape the future of the capital market.
- The economy was still recovering from the pandemic scars last year. The government, however, was prudent in implementing timely measures and announced incentive and stimulus packages of more than \$20 billion.

<https://www.thedailystar.net/business/economy/news/bangladesh-capital-market-looking-back-and-forward-2967001>

Janata Bank hides Tk377cr loss through window dressing

The Business Standard, February 21, 2022

- The worst-performing state-owned lender, Janata Bank, has concealed Tk377 crore investment loss through window dressing of financial statements to cover up business inefficiency. The bank incurred the loss from revaluation of investment in treasury bills and bonds in the first nine months of last year owing to weak treasury management, but it showed the amount as operational expense violating rules, according to the Bangladesh Bank.
- Banks have to revalue their investment in treasury bills and bonds every week based on the market price.
- According to the banking regulations, banks cannot show their revaluation losses on treasury investments as operating expenses. They have to show their profits or losses from such investments in their income accounts.
- The Bangladesh Bank identified the financial jugglery and served a show cause notice on the bank recently for violating the accounting entry regulation in its balance sheet.
- Janata Bank also admitted in its reply to the show cause notice that the amount of losses it showed as operational expenses are not actually expenses. The bank had already sent its reply twice but could not clarify its statement, said a senior official of the central bank, adding the authorities could impose a maximum of Tk10 lakh in fines on Janata bank for breaching the regulations.



<https://www.tbsnews.net/economy/banking/janata-bank-hides-tk377cr-loss-through-window-dressing-373582>

International

Euro zone recovery regains pace

The Daily Star, February 21, 2022

- The euro zone economic recovery regained momentum this month as an easing of coronavirus restrictions gave a boost to the bloc's dominant service industry, a survey showed, but consumers faced prices rising at a record rate.
- As the Omicron coronavirus variant swept across Europe some governments reimposed measures to contain its spread, but with large swathes of the population now vaccinated many of those measures have been eased. IHS Markit's Flash Composite Purchasing Managers' Index, seen as guide to overall economic health, jumped to a five-month high of 55.8 in February from 52.3 in January.
- "The surge in the euro zone flash Composite PMI for February suggests activity is recovering well from the pandemic-related weakness over the winter," said Andrew Kenningham at Capital Economics.

<https://www.thedailystar.net/business/global-economy/news/euro-zone-recovery-regains-pace-2967546>

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