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Stock Market & Company

Stocks rise, but turnover hits 2-month low

The Newage, February 23, 2022

- Dhaka stocks snapped a three-day fall on Wednesday, but the turnover hit a two-month low as a section of investors went for buying shares while many others remained on the sideline. DSEX, the key index of the Dhaka Stock Exchange, increased by 0.44 per cent, or 30.76 points, to close at 6,948.67 points on Wednesday after losing 125.77 points in the previous three sessions.
- The daily average turnover on the DSE dropped to Tk 887.85 crore on Wednesday compared with that of Tk 908.82 crore in the previous session. Wednesday's turnover was the lowest after December 29, 2021 when it was at Tk 735.37 crore.
- Among the prominent companies, share prices of British American Tobacco, Square Pharmaceuticals, BEXIMCO, Renata Limited and Beximco Pharmaceuticals advanced on the day. The DS30 index comprising of 30 large capitalised companies went up by 14.13 points to finish at 2,550.5 points and the DSE Shariah index added 3.32 points to close at 1,498.55 points.
- BEXIMCO topped the turnover chart with its shares worth Tk 86.75 crore changing hands. Anwar Galvanizing, Orion Pharma, Bangladesh Shipping Corporation, Dragon Sweater, National Life Insurance Company, Fortune Shoes, Sonali Paper and Board Mills, Apex Spinning and LafargeHolcim Bangladesh were the other turnover leaders.
- Crown Cement Limited was the day's best performer, posting a gain of 9.87 per cent, while Queen South Textile Mills Limited was the worst loser, shedding 8.86 per cent.

<https://www.newagebd.net/article/163465/stocks-rise-but-turnover-hits-2-month-low>

DSE finds Tk 7cr deficits in clients' account of Modern Securities

The Newage, February 22, 2022

- The Dhaka Stock Exchange has found deficit of Tk 7 crore in the clients' payable position in Modern Securities Limited. The DSE informed the Bangladesh Securities and Exchange Commission about the matter on Tuesday.
- On February 9, a DSE team conducted a spot inspection in the brokerage house and found deficit of Tk 7 crore in the clients' payable position, the DSE letter reads. The DSE said that the brokerage house violated 6(1) (2) of the Securities and Exchange Rules, 2020 by doing so.

- The DSE said that Modern Securities also breached provision 11 of Securities and Exchange Commission Stock-dealer, stockbroker and Authorized Representative) Rules, 2000. DSE officials said that they sought explanation about the alleged non-compliance with securities rules and also asked the brokerage house to adjust the deficit amount of Tk 7 crore in the client's payable position.
- Modern Securities managing director Khugesta Nur-E-Naharin told New Age that the brokerage house had already adjusted the shortfall, which she claimed was a very minimal amount, in the consolidated customers' account. She declined having deficits of Tk 7 crore in her brokerage firm.

<https://www.newagebd.net/article/163494/dse-finds-tk-7cr-deficits-in-clients-account-of-modern-securities>

RJSC allowed access to DVS

The Daily Star, February 24, 2022

- The Registrar of Joint Stock Companies and Firms (RJSC) can now use the Document Verification System (DVS) to confirm the authenticity of audited financial statements of registered businesses. A memorandum of understanding (MoU) in this regard was signed between the Institute of Chartered Accountants of Bangladesh (ICAB) and the RJSC at the former's council hall yesterday.
- Bangladesh Bank issued a circular in this connection in July last year, asking all managing directors and chief executive officers to contact the ICAB for using the DVS. Md Shahadat Hossain, president of the ICAB, and Sheikh Shoaibul Alam, registrar of the RJSC, inked the MoU.
- Highlighting the purpose of launching the DVS system, Mohammed Forkan Uddin, a council member of the ICAB, said foreign investors first see the audited financial statements of a company before going for cross-border investment. Besides, the National Board of Revenue needs audited financial statements for revenue assessment while banks require them to sanction loans.

<https://www.thedailystar.net/business/economy/news/rjsc-allowed-access-dvs-2969236>

Sonali Paper, too, makes more money from share business than core operation

The Daily Star, February 23, 2022

- Sonali Paper & Board Mills Ltd is yet another company that logged higher profits from equity investment compared to its core business in the first half of the current financial year. On the back of the higher returns from the stock market investment, the paper manufacturer's profits after tax surged more than seven times to Tk 25.6 crore in the July to December period.
- As a result, the share of the low paid-up capital-based company jumped almost four times to Tk 720 in the last six months. Its paid-up capital is Tk 21 crore, data from the Dhaka Stock Exchange (DSE) showed. Profit before tax from Sonali Paper's stock market operation was Tk 17.84 crore, whereas Tk 17.75 crore came as profit before tax from its core operation, according to its financial statements.
- Sonali Paper share closed 3.67 per cent lower at Tk 675.30 on the DSE yesterday. On the last trading day of 2021, it rose to as high as Tk 957. However, the company's financial statement shows that paper sales rose 48 per cent year-on-year to Tk 105 crore in the first half of the current financial year compared to the same period a year ago.

<https://www.thedailystar.net/business/organisation/news/sonali-paper-too-makes-more-money-share-business-core-operation>

Lub-rref posts 21% surge in half-yearly profits

The Business Standard, February 23, 2022

- Lub-rref (Bangladesh) Limited, lubricant producer under the BNO brand, reported 21.42% higher earnings per share (EPS) in the first half of fiscal 2021-22, compared to the same time a year ago. At the end of the July-December period, its EPS stood at Tk1.02, which was Tk0.84 at the same period in the previous fiscal year.
- Meanwhile, despite the Covid shock, the company did well in fiscal 2020-21 as it reported a 54% EPS growth to Tk3.41. But it paid only a 10% cash dividend to the shareholders for the last fiscal year.

- Lub-rref is the lubricant recycling pioneer in the country that went public in 2021. The firm is expanding both its lubricant recycling capacity and virgin base oil refining capacity in Chattogram. Lub-rref shares closed 1.23% higher at Tk41 each on Wednesday in the Dhaka Stock Exchange (DSE). At the end of December last year, its net asset value per share stood at Tk36.82 against the face value of Tk10.

<https://www.tbsnews.net/economy/stocks/lub-rref-posts-21-surge-half-yearly-profits-375025>

Economy & Industry

BB relaxes credit rating to facilitate business loans

The Business Standard, February 23, 2022

- The Bangladesh Bank has relaxed conditions related to Internal Credit Risk Rating (ICRR) to facilitate loans to businesses for their rebound amid the pandemic. From now on, aspirant borrowers having rating scores of 50 or more can reschedule their loans for two times. Earlier, at least 55 points were needed for that.
- The rule will be in effect until 31 December this year. The Banking Regulation and Policy Department of the central bank issued a circular in this regard and sent it to the managing directors of all the scheduled banks on Wednesday.
- "Many businesses became financially weak thanks to the pandemic-induced crisis in 2020 and 2021. The facility [relaxing the credit score] has been given so that they can apply for new loans and reschedule the previous ones," the circular reads.
- However, no "unacceptable" borrowers can be provided with loans, it clarified.

<https://www.tbsnews.net/economy/banking/bb-relaxes-credit-rating-facilitate-business-loans-375043>

Textile millers demand duty, VAT cut for man-made fibre

The Daily Star, February 24, 2022

- Textile millers yesterday demanded the withdrawal of tax on the import of man-made fibre and reduction of VAT on the sales of the item in the local markets as the consumption of the artificial raw material is rising globally.
- Currently, local spinners can avail the duty-free import of only four types of man-made fibre upon receiving certification from the Bangladesh Textile Mills Association (BTMA). But businesses import 21 more varieties of artificial fibre paying taxes.
- The textile millers also called for halving the value-added tax on the sale of a kilogramme of manmade fibre yarn to Tk 3 from Tk 6 now as they also pay Tk 3 on the sale of cotton-made yarn, according to a proposal of the BTMA.
- The association submitted the proposals to the National Board of Revenue (NBR) for incorporation in the budget for the upcoming fiscal year of 2022-23.
- Moreover, the government should withdraw the 2 per cent tax levied on the purchase of cotton from the local markets as many spinners buy the textile raw material from the local market during any shortage.
- The BTMA suggested scrapping the 15 per cent VAT on the sales of pet chip textile as the use of artificial fibre and yarn is increasing in Bangladesh.

Highlight

- ▶ Local spinners can avail duty-free import of **4** types of man-made fibre
- ▶ Businesses import **21** more types of artificial fibre by paying taxes
- ▶ Millers demand halving VAT on sales of man-made fibre yarn to Tk **3** a kg
- ▶ Entrepreneurs urge for withdrawal of **1%** duty on capital machinery import
- ▶ Millers demand continuation **15%** tax on textile companies up to **2030**

<https://www.thedailystar.net/business/economy/news/textile-millers-demand-duty-vat-cut-man-made-fibre-2969251>

International

Russia's trade flow shifts towards China

The Daily Star, February 24, 2022

- The United States is poised to unleash a wider array of sanctions against Russia if Moscow escalates the conflict in Ukraine, denying key Russian financial institutions and companies access to US dollar transactions and global markets for trade, energy exports and financing. [read more](#)
- But the United States and its allies have never before attempted to cut a \$1.5 trillion economy out of global commerce, and it is unclear how much pressure even unified Western sanctions can put on Moscow. A review of World Bank and United Nations trade data shows that since lesser sanctions were imposed in 2014 after Russia annexed Ukraine's Crimea, China has emerged as its biggest export destination.
- New sanctions could prompt Russia to try to deepen its non-dollar denominated trade ties with Beijing in an effort to skirt the restrictions, said Harry Broadman, a former US trade negotiator and World Bank official with China and Russia experience.
- Under an executive order signed by President Joe Biden on Monday, any institution in Russia's financial services sector is a target for further sanctions, the White House said, noting that more than 80 per cent of Russia's daily foreign exchange transactions and half its trade are conducted in dollars.

<https://www.thedailystar.net/business/global-economy/news/russias-trade-flow-shifts-towards-china>

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About Bank Asia Securities Ltd

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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