

Key News

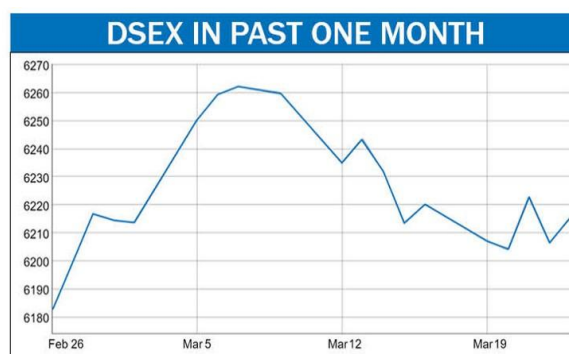
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Stock Market & Company

Dhaka stocks drop as bear run continues

The New Age, March 25, 2023

- Dhaka stocks dropped for the second week in the past week as investors were depressed due to a prolonged bearish trend on the market amid worries over the economic woes in the country.
- The main index of the Dhaka Stock Exchange, DSEX, lost 0.08 per cent, or 4.94 points, to close at 6,215.3 points on March 23, after losing 39.93 points in the previous two weeks.
- The weekly average turnover dropped to Tk 352.4 crore in the past week from that of Tk 508.02 crore in the previous week.
- Out of 378 companies traded, share prices of 63 declined, 58 advanced and 261 remained unchanged.



- The DS30, comprised of 30 large capitalised companies, shed 0.74 points to finish at 2,218.02 points and the DSE Shariah index, DSES, also lost 3.6 points to close at 1,353.25 points.
- Sea Pearl Beach Resort & Spa topped the weekly turnover chart with a value of Tk 115.46 crore. Rupali Life Insurance, Eastern Housing, Shinepukur Ceramics, Rangpur Dairy & Food Products, Bangladesh Shipping Corporation, Genex Infosys, Olympic Industries, ADN Telecom and Al-Haj Textile Mills were the other turnover leaders.

<https://www.newagebd.net/article/197780/dhaka-stocks-drop-as-bear-run-continues>

BSEC to sue UFSL's MD, employees

The New Age, March 23, 2023

- The Bangladesh Securities and Exchange Commission on Thursday decided to file a case under the Money Laundering Prevention Act 2012 against Universal Financial Solutions Limited managing director Syed Hamza Alamgir and employees in connection with Tk 235 crore fund embezzlement from four mutual funds under the UFSL's management.
- The BSEC made the decision at a commission meeting presided over by its chairman Shibli Rubayat-ul-Islam, a BSEC press release said.
- A BSEC inquiry committee found that Universal Financial Solutions, an asset management company, allegedly embezzled Tk 235 crore from four mutual funds it managed through fake documents of investments and phony fixed deposits in banks.
- Of the amount, the UFSL laundered Tk 170.69 crore, according to the BSEC enquiry committee report submitted on January 30. The four funds from which the UFCL embezzled the money are UFS-Bank Asia Unit Fund, UFS-IBBL Shariah Unit, UFS-Padma Life Islamic Unit Fund and UFS-Popular Life Unit Fund.
- Although the embezzlement started in 2016, the BSEC remained in the dark, as the UFSL manipulated financial accounts and produced fake bank statements of FDRs, false investments in commercial papers and doctored bank balance statements, BSEC officials said.

<https://www.newagebd.net/article/197612/bsec-to-sue-ufsls-md-employees>

BSEC to get power to dissolve board without hearing

The Daily Star, March 23, 2023

- The finance ministry has drafted rules empowering the Bangladesh Securities and Exchange Commission (BSEC) to dissolve the board of listed companies without any hearing if they fail to submit financial reports or follow corporate governance.
- The Financial Institutions Division published the draft of the Bangladesh Securities and Exchange Commission Act, 2022 on March 5 and sought feedback from stakeholders. If the listed issuers fail to submit the annual reports or any other reports or break rules, the commission can restructure the board, the draft act said.
- In the case of board restructuring, the commission would consult with the primary regulator of listed companies. The commission can't restructure the board without holding a logical hearing. In special cases, the commission can recast the board without holding any hearing considering the interest of the securities market and general investors, said the draft.
- A number of directors of the listed companies have opposed the provision that allows the restructuring of a board without holding any hearing. The commission should allow the existing board to offer their explanation or give statements and then the decision may be taken, they said.

<https://www.thedailystar.net/business/economy/news/bsec-get-power-dissolve-board-without-hearing-3280566>

Unpaid listing fees keep two OTC cos from moving to SME board

The Financial Express, March 26, 2023

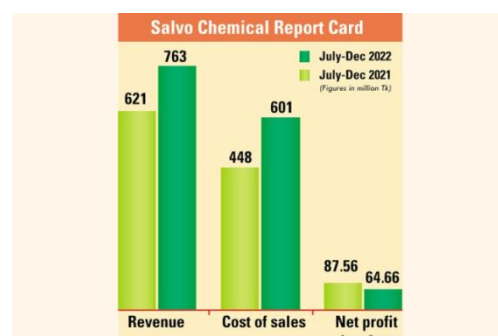
- Transfer of two OTC companies to the SME board of the Dhaka Stock Exchange (DSE) remains pending mainly for non-payment of listing fees and non-existence of a company website with detailed financial information.
- Gachi Hata Aquaculture Farms and Bangladesh Hotels are among the 51 firms that were delisted from the main board in 2009 as they had been non-operational for long and failed to hold annual general meetings. Then the Bangladesh Securities and Exchange Commission (BSEC) launched the over-the-counter market to facilitate the trading of the delisted companies' shares.
- Seven OTC companies, including the two mentioned above, have got permission to move to the SME board, according to a directive issued by the securities regulator in September 2021, since they restored operation.
- Rabiul Islam, a manager of the Dhaka bourse, said it had sent a letter to the companies informing what the prerequisites were to be listed on the SME board but did not receive any response. Both the companies have not paid the yearly fees to remain listed in the OTC market and so they have to clear the dues before moving to the SME board.

<https://thefinancialexpress.com.bd/stock/bangladesh/unpaid-listing-fees-keep-two-otc-cos-from-moving-to-sme-board>

Salvo Chemical's net profit drops 26pc in H1

The Financial Express, March 25, 2023

- Salvo Chemical Industry, which produces sulphuric acid, sulphate, battery-grade water and glucose, has reported a 26 per cent year-on-year drop in net profit for the six months through December 2022 due mainly to costlier raw materials.
- The chemical producer logged a net profit of Tk 64.66 million in July-December 2022 as against Tk 87.56 million in the same period of the last fiscal year, according to its un-audited financial report published on Thursday.
- As a result, the earnings per share (EPS) stood at Tk 0.99 for the six months through December 2022, down from Tk 1.35 for the same period a year before.
- High prices of local and imported raw materials, currency devaluation and increase in energy prices have adversely affected the overall profitability of the company, said the company in a disclosure.



<https://thefinancialexpress.com.bd/stock/bangladesh/salvo-chemicals-net-profit-drops-26pc-in-h1>

BSEC restructures board of Simtex Industries

The Financial Express, March 24, 2023

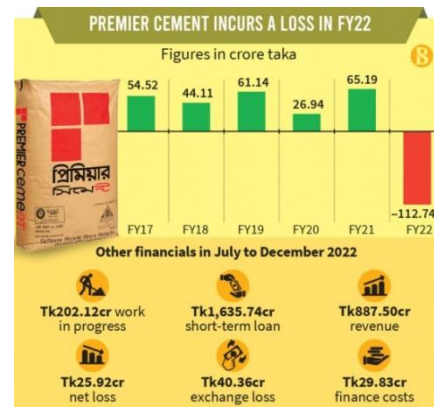
- The securities regulator has restructured the board of directors of Simtex Industries, a sewing thread and yarn dyeing producer, by appointing new chairman and four independent directors.
- The Bangladesh Securities and Exchange Commission (BSEC) issued a directive in this regard on Thursday with immediate effect. The stock market regulator appointed Lieutenant General (Retd) Sheikh Mamun Khaled as chairman of Simtex.
- Four new independent directors are Shobod Deb Nath, associate professor at the University of Dhaka; Kawser Ahmed, partner, The Zurist in Dhaka; Dr Md Abdul Kaium, associate professor at the University of Barisal, and business entrepreneur Abid Al Hasan. The BSEC also removed existing two independent directors Md Akram Hossain and Shah Md Asad Ullah and one nominated director Sharif Shahidul Islam.

<https://thefinancialexpress.com.bd/stock/bangladesh/bsec-restructures-board-of-simtex-industries>

BSEC team to inspect Premier Cement's loans, capital work in progress

The Business Standard, March 23, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) has recently formed a two-member team to examine capital work in progress and the utilisation of loans by Premier Cement Mills Limited.
- The team – comprised of BSEC Deputy Director Mohammad Asif Iqbal and Assistant Director Md Sakil Ahmed as its members – has 30 working days to complete the inspection and submit its findings to the commission.
- Premier Cement's Company Secretary Kazi Md Shafiqur Rahman told The Business Standard that they have received the BSEC's letter and they are working on the commission order.7 to 2022, and inspect the utilisation of loans over those years.
- A senior official at the BSEC, on condition of anonymity, said the commission observed that Premier Cement's capital work in progress is gradually increasing every year and the maximum portion goes to the vertical roller mills (VRM) project. But the company did not convert it into a fixed asset.



<https://www.tbsnews.net/economy/stocks/bsec-team-inspect-premier-cements-loans-capital-work-progress-604594>

Generation Next Fashions' corporate director to buy 10 lakh shares

The Business Standard, March 23, 2023

- AJ Corporation Limited, a Generation Next Fashions Ltd corporate director, has expressed its intention to buy 15 lakh shares of the company. The AJ Corporation will buy these shares from the block market within 30 working days, according to the Dhaka Stock Exchange (DSE) on Thursday.
- On Thursday, its shares were stuck on the floor price at Tk6 at Dhaka Stock Exchange (DSE). Earlier, since February this year, the AJ Corporation has bought 3,519,000 shares of the company from the block market.
- Out of the total 49.50 crore shares, sponsor-directors of the company held 14.48%, institutional investors 23.05% and general shareholders held 62.47% as of February.

<https://www.tbsnews.net/economy/stocks/generation-next-fashions-corporate-director-buy-10-lakh-shares-604358>

Midland Bank to debut on bourses Monday

The Business Standard, March 23, 2023

- Midland Bank, a new-generation lender, will make its stock trading debut on the Dhaka and Chattogram bourses on Monday. Some 26% of the primary shares of Midland Bank remained unsold despite its good financial performance. And, it's the first time in the Bangladeshi stock market history that a bank's initial public offering (IPO) shares remained undersubscribed.
- The lender completed its IPO subscription between 16 to 23 February this year. Earlier, the Bangladesh Securities and Exchange Commission (BSEC) allowed the private sector lender to issue 7 crore shares at a face value of Tk10 each to raise Tk70 crore capital from the stock market.
- Of the IPO fund, the bank will invest over Tk61 crore in Treasury bonds and bills, Tk5 crore in the listed "A" category securities, and use the remaining to meet the IPO expenses. LankaBangla Investments Limited will be the issue manager of the bank's IPO.

<https://www.tbsnews.net/economy/stocks/midland-bank-debut-bourses-monday-604602>

Prime Islami Life in trouble with its Tk340cr investment

The Business Standard, March 25, 2023

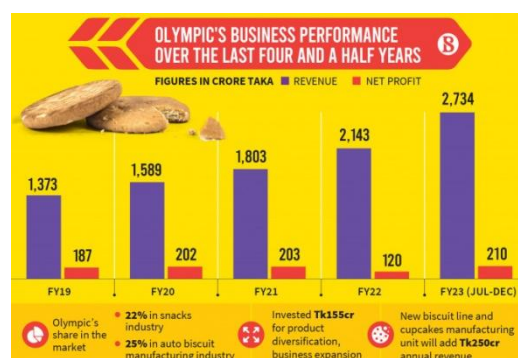
- Prime Islami Life Insurance has fallen into trouble with its Tk340 crore investment in various projects as the recovery of the amount seems unlikely.
- Of the amount, the life insurer had lent Tk320 crore to two of its concerns – PFI Securities Limited and Prime Islami Securities, Tk15 crore to four concerns of the Sterling Group, and invested Tk5 crore in a zero-coupon bond issued by Banglalion.
- Prime Life's auditor – Mahfel Huq and Co – expressed doubts about the company's recovery of the loans in its audit report for 2021. The auditor also said in its qualified opinion that the company failed to follow the insurance regulator's guidelines about investing in government securities and subsidiaries.
- Furthermore, the auditor mentioned that the company failed to maintain the minimum shareholding percentage by sponsors and directors, as they jointly hold 38.08% shares, whereas, it should at least be 60% of the paid-up capital.

<https://www.tbsnews.net/economy/stocks/prime-islami-life-trouble-its-tk340cr-investment-605506>

Business expansion efforts take Olympic's stock price to about a year high

The Business Standard, March 26, 2023

- The share price of Olympic Industries Limited has soared in the past five and a half months and reached about a year high, thanks to the company's endless efforts in expanding its footprint in the bakery industry, which seemed to have boosted investor confidence in the stock.
- In the last trading session on Thursday, the company's shares closed at Tk157.7 each, a 33% increase from Tk118.3 on 16 October 2022. The last time its share price crossed Tk157 was on 2 February 2022.
- In the last three years, Olympic Industries has invested around Tk155 crore for product diversification and business expansion. These investments clearly point out the company's expansion strategy, reads the equity note.
- On condition of anonymity, a researcher at a brokerage firm said earlier that investors deemed Olympic a good fundamental stock. But from 2021 to mid-2022, its share price dropped over 50% owing to a bearish sentiment in the market fuelled by economic uncertainties.



<https://www.tbsnews.net/economy/stocks/business-expansion-efforts-take-olympics-stock-price-about-year-high-606042>

Jute Spinners looking for foreign buyers to revive balance sheet

The Business Standard, March 26, 2023

- The share price of Jute Spinners Ltd is buoyant six months into a partial resumption of activities, but failure to secure foreign buyers threatens continuation of its old financial struggles and imperils outlook.
- The debt-laden company, known as the country's first private jute mill, started trial production in September last year to strengthen its balance sheet after acute financial hurdles forced a production halt in June 2016. It cannot reach its full production capacity due to a lack of buyers, Company Secretary ATM Mostafa told TBS, adding that the search is continuing in overseas markets.

- According to a regular auditor's report in June 2022, the liabilities of the company stood at Tk77.32 crore which exceeded its total assets of Tk29.70 crore by Tk47.62 crore. The company rescheduled Tk50 crore loans from Janata Bank, extending the repayment deadline by ten years, ATM Mostafa said.
- The company owners were hoping for a turnaround and the resumption of production activities, even if on a small scale. This revived investor hopes, sending its share prices to Tk256.9 on Thursday – a 60% jump in three months.



<https://www.tbsnews.net/economy/stocks/jute-spinners-looking-foreign-buyers-revive-balance-sheet-606050>

Lending rate cap withdrawal to have positive impact on bank shares

The Business Standard, March 25, 2023

- Local banks await two major positive regulatory developments that would help them improve profitability, said Chartered Financial Analyst Sakib Chowdhury.
- In an interview with The Business Standard recently he said, The Bangladesh Bank is expected to opt out of the cap on the banks' lending rate and also to leave the exchange rate of Taka to the market by the middle of the year.
- The two would be significant policy developments in terms of the banks' profitability that can attract investors in the banking stocks, expected the analyst working as the deputy head of research at the top brokerage firm UCB Stock Brokerage.
- The lending rate is going to be pegged with the rates of treasury bonds in a fashion so that a bank can charge its borrowers a few percentage points on top of the reference rate, as hinted by the central bank.
- Higher interest rates are generally a negative factor for the stock market, he said, adding that the lending rate cap had been creating some problems in the economy and financial market and with the expected liberal interest rate system much of the pressures might be released.

<https://www.tbsnews.net/economy/stocks/local-banks-await-two-major-positive-developments-605518>

Economy & Industry

Banks offer higher than fixed rate to remitters to build forex

The Business Standard, March 26, 2023

- The volatile foreign exchange market turns out to be a blessing for remitters, but a challenging impediment for importers and eventually consumers. According to bankers, remitters are receiving as much as Tk114 for a dollar along with a 2.5% cash incentive from the government.
- This rate is much higher than the Tk107, agreed upon by the Bangladesh Foreign Exchange Dealers Association (Bafeda) and the Association of Bankers, Bangladesh (ABB) in September last year.
- Out of the country's 61 banks, at least 20 are offering higher rates for a dollar than the agreed rate in order to meet the demand for the greenback. But they are not showing their actual offered rates in balance sheets, a number of top bankers and treasury officials, who chose to remain anonymous, told The Business Standard.

- Bangladesh Bank data shows all the banks of the country together brought in remittances of \$1.56 billion in February, up 4.47% year-on-year. However, the bank-wise picture of the year-on-year growth is widely uneven. Some banks have exceeded 100% year-on-year growth and a couple of them showed a growth of over 1,000%, according to central bank data.
- On the other hand, some banks saw a significant decrease in remittance income compared to the same period last year, as they declined to offer a higher exchange rate for the dollar.

<https://www.tbsnews.net/economy/banking/banks-offer-higher-official-rate-remitters-build-forex-606062>

International

US stocks close up slightly despite Deutsche Bank woes

The New Age, March 25, 2023

- US stocks shook off gloomy banking news from across the Atlantic to end the day slightly higher on Friday, as market sentiment improved after recent turmoil in the financial sector. 'The market is just digesting a very volatile week,' said 50 Park Investments CEO Adam Sarhan.
- 'The lack of more bad news is considered good news,' he added. The Dow Jones Industrial Average index closed 0.4 per cent higher at 32,237.53, while the broad-based S&P 500 indexes ended the day up 0.6 per cent at 3,970.99.
- The Nasdaq rose 0.3 per cent Friday to finish the week at 11,823.96. Shares in German lender Deutsche Bank ended the day 3.1 per cent lower in New York and fell 8.5 per cent in Europe. This came after the cost of insuring against its likelihood of default spiked to a four-year high amid concerns about the health of some European banks.
- US regional bank stocks including KeyCorp and PacWest Bancorp saw modest gains, although the embattled First Republic Bank ended the day down another 1.4 per cent.
- The VIX index, which is often used to gauge the level of market volatility, ended the day down around three per cent, suggesting a decline in some perception of the risks facing financial markets.

<https://www.newagebd.net/article/197783/us-stocks-close-up-slightly-despite-deutsche-bank-woes>

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