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Stock Market & Company

Dhaka stocks post biggest fall in almost one year

The Financial Express, February 28, 2022

- Bangladesh's premier bourse Sunday nosedived with stocks extending a sharp losing streak for a second consecutive session amid worldwide uncertainties triggered by the Russia-Ukraine war. On the day, DSEX, the broad index of Dhaka Stock Exchange (DSE), lost 163.29 points-billed the highest single-day fall since April 4, 2021.
- The DSEX also had lost 109.23 points in the previous trading session executed Thursday. As a result, the broad index sank 3.92 per cent or 272.52 points in the last couple of sessions.
- Dhaka bourse opened Sunday's session sharp on a negative note, with the DSEX exhibiting a straight fall of 114 points within just 13 minutes. At the end of the session, the DSEX settled at 6676.14 with a loss of 2.38 per cent or 163.29 points.
- Sunday's turnover value also declined marginally following investors' lower participation. The DSE posted a turnover of Tk 9.16 billion, 13 per cent less than previous session's trade count. Of the major sectors, general insurance saw the highest correction of 5.0 per cent followed by life insurance 3.4 per cent, textiles 3.1 per cent, financial institutions 3.1 per cent, and bank 2.4 per cent.
- Of large-cap companies, the share prices of Beximco, British American Tobacco Bangladesh Company, Square Pharmaceuticals and Robi Axiata declined ranging 1.46 per cent to 3.02 per cent.
- Alltex Industries was the worst loser with a decline of 10 per cent or Tk 2.6 to close at Tk 23.40 each. CASPI, the benchmark index of Chittagong Stock Exchange (CSE), also declined 2.45 per cent or 490.89 points as 284 issues out of 304 lost prices on the day.



<https://thefinancialexpress.com.bd/stock/dhaka-stocks-post-biggest-fall-in-almost-one-year-1646015826>

Bourses asked to take steps against stockbrokers using dual software

The Newage, February 27, 2022

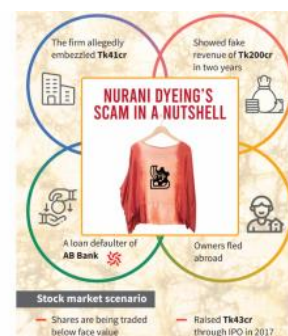
- The Bangladesh Securities and Exchange Commission on Sunday asked the Dhaka Stock Exchange and the Chittagong Stock Exchange to take actions against the brokerage houses which are using two back-office software. The BSEC sent letters to the bourses regarding the matter on Sunday and instructed them to take actions by June 30.
- The BSEC in the letter said that the exchanges would ask for explanation from the TREC holding companies that use more than one back-office software. The stock exchanges have also been asked to conduct spot inspections in those TREC holding companies.
- Moreover, the stock exchanges would take necessary measures for the enlistment of vendors. Vendors would obtain permission from the exchange exchanges before the supplying of software to any TREC holding company and subsequently the exchanges would inform the commission about it after giving such permission, the letter said.
- Hardware and software installation policy would be framed by the DSE and the CSE and both the exchanges would circulate the policy among the TREC holding companies, it said. Network installation and security policy for TREC holding companies will be framed by both the DSE and the CSE, it said.

<https://www.newagebd.net/article/163933/bourses-asked-to-take-steps-against-stockbrokers-using-dual-software>

Nurani Dyeing entrepreneurs flee with entire IPO fund

The Business Standard, February 27, 2022

- The Tk43 crore initial public offering (IPO) in 2017 by Nurani Dyeing and Sweater Ltd – a Feni-based sweater exporter – has been proved to be a fraudulent scheme. The Dhaka Stock Exchange (DSE), in its inspection and investigation last year, found that over Tk41 crore of the IPO fund was embezzled by its entrepreneurs, who have already fled the country.
- The company has been engaged in submitting false financial information and fake supporting documents since it had planned for the IPO.
- It was filing fake turnover and fake fund utilisation reports, until the DSE inspection in the mid-2020 found the factory permanently closed.
- Nurani Dyeing was a very controversial IPO in 2017 as the securities regulator under the then chairmanship of Professor M Khairul Hossain accorded its nod despite the company being a loan defaulter and withheld the Credit Information Bureau (CIB) report through a stay order from the High Court.
- Now, DSE inspection has found that Nurani Dyeing used Tk11.8 crore of the IPO fund to pay back a small part of its defaulted loans which the company entrepreneurs previously embezzled. Tk29.34 crore of the IPO fund was taken away through cash withdrawal or bank transfers to different related parties' accounts. Less than Tk2 crore of the fund they could not embezzle as it was used to bear the IPO and some essential expenses.
- Its nearly Tk200 crore reported turnover in the two fiscal years 2018-19 and 2019-20 was fake, its submitted bank statements for supporting letter of credit for purchasing machinery worth over Tk24 crore out of the IPO fund were fake.



<https://www.tbsnews.net/economy/stocks/nurani-dyeing-entrepreneurs-flee-entire-ipo-fund-377368>

Renata to merge its two subsidiaries

The Business Standard, February 27, 2022

- Renata Limited, one of the leading drugmakers, has decided to merge its two subsidiaries – Renata Agro Industries and Purnava Limited – on approvals of the High Court and other concerned regulatory authorities. Renata Agro is engaged in agro-processing and poultry feed businesses, while Purnava works for marketing consumer goods.
- A senior official of Renata Limited, seeking anonymity, told The Business Standard that Renata itself held the lion's share of the two subsidiaries. "But, there are separate management and accounts for the companies, which cost extra money." "The amalgamation will reduce the costs," he added.

- According to the draft document of amalgamation, Renata Agro's paid-up capital is Tk4.20 crore and Purnava's Tk0.25 crore, while Renata Limited owns 99.76% and 99.99% of the shares of the subsidiaries respectively. In the first half of the fiscal 2021-22, Renata Agro's turnover fell by 65% to Tk4.76 crore, whereas Purnava's sales increased by 28% to Tk39.81 crore.

<https://www.tbsnews.net/economy/stocks/renata-merge-its-two-subsidiaries-377389>

Emranul reappointed Dhaka Bank MD

The Daily Star, February 28, 2022

- Dhaka Bank has reappointed Emranul Huq to the post of managing director and chief executive officer for a three-year term effective from February 22, 2022. The Bangladesh Bank also accorded approval to the reappointment, a press release said. He took over the helm of the bank in February 2020.
- A career banker, Huq has more than three decades of professional banking experience, both at home and abroad. He started his career with Bank of Credit and Commerce International in 1986 as a management trainee officer. He is a certified corporate banker and a fellow of the American Academy of Financial Management.
- Huq is a member of the standing committee on banking technique and practice of the International Chamber of Commerce, Bangladesh and the board of governors of the Association of Bankers Bangladesh Ltd.

<https://www.thedailystar.net/business/organisation-news/news/emranul-reappointed-dhaka-bank-md-2972196>

Economy & Industry

SWIFT expulsion to disrupt payments for time being

The Newage, February 27, 2022

- Expulsion of a section of Russian banks from the Society for Worldwide Interbank Financial Telecommunication system will impact Bangladesh's trade-related payments with Russia for time being, but there are scopes for activating alternative modes of transactions bypassing the SWIFT, said economists and BB officials.
- The banks were excluded from the world's most secured payment-related messaging system SWIFT on Russia's military attacks on Ukraine. Bangladesh is executing its trade-related and other transactions with Russia through SWIFT.
- The country's trade-related transactions with Russia were \$1.18 billion in the fiscal year 2018-2019 and the amount was \$1.12 billion in FY18. Apart from the bilateral trade, Russia is implementing two major projects — Rooppur Nuclear Power Plant at the cost of \$12.65 billion and the second satellite at the cost of Tk 3,707 crore — in Bangladesh.
- Asked about the impact on Bangladesh-Russia trade after the expulsion of Russian banks from SWIFT, former Bangladesh Bank governor Salehuddin Ahmed told New Age on Sunday that there would be an interruption in trade-related transactions for a time being but there were alternative options to continue transactions with Russia.
- Not all the 200 countries, in which financial entities use SWIFT, are opponents of Russia and the banks in Russia's friendly countries and are members of SWIFT could be used as the trade-related payment channel, Salehuddin said. However, he suggested that the government should observe the developments before taking any fresh move.

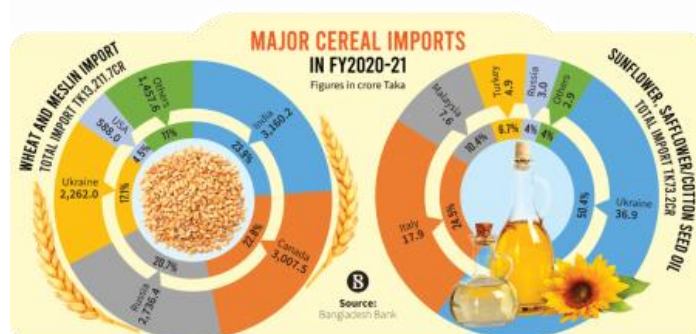
<https://www.newagebd.net/article/163932/swift-expulsion-to-disrupt-payments-for-time-being>

Essentials go wild as Russia-Ukraine conflict continues

The Business Standard, February 27, 2022

- Importers in Bangladesh have already increased the prices of numerous essentials as the Russia-Ukraine conflict spills over to the worldwide consumer goods market, with prices of almost every commodity having spiked in just three days and countries scrambling for alternatives. Bangladesh has trade links with both Russia and Ukraine and is heavily reliant on a few imports from the two countries, wheat being the primary one.
- According to the Food and Agriculture Organization of the United Nations, Bangladesh, the fifth largest wheat importer in the world, ranks second among the fastest growing wheat importers in the world.

- The Ministry of Food data shows that 53.42 lakh tonnes of wheat was imported in the last financial year. Of this, 37.10% were from these two countries. Ukraine also commands more than 50% of the sunflower oil market, while Ukraine and Russia are the source for 90% sunflower import of India too.
- Bangladesh imported vegetable products worth over Tk3,000 crore from Russia and over Tk2,500 crore from Ukraine in the fiscal 2020-21. Although the impact of the conflict is yet to be felt in the country, wheat prices have already risen by 8-10% at Karwan Bazar, one of the largest consumer goods markets in the country, with further hikes expected.



<https://www.tbsnews.net/economy/essentials-go-wild-russia-ukraine-conflict-continues-377407>

International

Investors brace for volatility amid Ukraine invasion

The Daily Star, February 28, 2022

- Investors were preparing on Saturday for more wild gyrations in asset prices after Western nations announced a harsh set of sanctions to punish Russia for its invasion of Ukraine, including blocking some banks from the SWIFT international payments system.
- New measures announced by the United States, Britain, Europe and Canada also include restrictions on the Russian central bank's international reserves. The moves will be implemented in the coming days. Investors have feared Russia would get kicked off SWIFT, the world's main international payments network, as this would disrupt global trade and hurt Western interests as well as hit Russia.
- "It means there is going to be a catastrophe on the Russian currency market on Monday," said former Russian Central Bank Deputy Chairman Sergei Aleksashenko. "I think they will stop trading and then the exchange rate will be fixed at an artificial level just like in Soviet times."
- Michael Farr, chief executive of financial consulting firm Farr, Miller & Washington LLC, said of the impact on global markets, "This could be a surprise that is not taken very well if it means a slowdown in international trade." The news comes after a week when worries over the intensifying conflict in Ukraine shook markets across the world. Stocks tumbled and oil prices soared as investors rushed to gold, the dollar and other safe havens. Many of those safety moves were at least partially unwound on Thursday and Friday, and US stock markets rallied to close up for the week.
- The S&P 500 is off 8 per cent for the year to date, dragged down by worries over geopolitical strife and a more hawkish Federal Reserve.

<https://www.thedailystar.net/business/global-economy/news/investors-brace-volatility-amid-ukraine-invasion>

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BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (2nd Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
E-mail: info@basl-bd.com

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-44611923-24

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06, Block-C
Mirpur, Dhaka - 1216
Phone: +8802-58055449,
48032449

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-1230
Phone: +88-02-48958389, 48958371

Banani Branch

Nur Empori, Plot # 77 (1st Floor),
Road No # 11, Banani,
Dhaka-1213
Phone: +88028836155, 8836849

Bijoynagar Extension

Prime Tower (3rd Floor), 180-
181
Dhaka-1213
Phone: +880248318685

Nikunja Branch

DSE Tower, Level 10, Room#
200, Nikunja, Dhaka-1229
Phone: +8809666702070

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

For International Trade & Sales, please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.