

## Stock Market

### Stocks end FY19 downbeat as investors assess changes to tax measures

New Age, July 01, 2019

- Dhaka stocks ended the financial year of 2018-19 in the negative zone on Sunday amid cautious trading as investors were assessing the possible impact of the changes to the tax measures for listed companies in the finance bill 2019.
- The bill was passed in parliament on Saturday. DSEX, the key index of Dhaka Stock Exchange, shed 0.15 %, or 8.42 points, to close at 5,421.62 points on Sunday after gaining 50.87 points in the previous three sessions.
- The proposal for 15 % tax on the listed companies' reserve (if the reserve exceeds 50 % of their paid up capital) was amended with conditions.
- A listed company can transfer 70 % of its net profits in a financial year to its reserve and retained earnings, and the rest 30 % would be distributed to the shareholders as dividend. But, if it fails to do so, it must pay 10 % tax every year on total amount transferred to reserve and retained earnings.
- Besides, if any listed company declares stock dividend, it must declare same amount of cash dividend. If the amount of stock dividend surpasses the cash dividend, the company must pay 10 % tax on the total amount of stock dividend.
- The market remained volatile throughout the financial year ending June 30 due to the December national elections and instability in the country's banking sector amid scams, irregularities and liquidity shortage. The DSEX gained just 16 points in the fiscal year. It started FY19 with 5,405.46 points and ended the fiscal year at 5,421.62 points on Sunday.
- The DSEX had surged by around 650 points after the national elections, but moved downward sharply since late January on liquidity crisis and share sales by the placement shareholders, hitting hard the investors' trust over the market.
- HR Textile gained the most on the day with a 9.95-% increase in its unit prices while First Finance was the worst loser, shedding 11.76 %.

<http://www.newagebd.net/article/77045/stocks-end-fy19-downbeat-as-investors-assess-changes-to-tax-measures>

### BSEC asks DSE to pay Coppertech BDT 20cr IPO fund before listing

New Age, June 29, 2019

- The Bangladesh Securities and Exchange Commission on Sunday ordered the Dhaka Stock Exchange to pay Coppertech Industries the subscription money of its initial public offering despite the fact that the bourse is yet to give listing approval to the company.
- There are allegations against the company that it has fabricated financial data to get listed with the stock exchange. The allegations have prompted the Financial Reporting Council to direct the Institute of Chartered Accountants Bangladesh to investigate the matter.
- The commission's order to the Dhaka bourse came in response to the company's letter issued on June 9. There is no securities rule that allows the bourse to hold the fund. But, the DSE decided to hold the fund

until trading of the shares of the company begins on the secondary market to safeguard the investors' interest.

- The scheduled time for listing of Coppertech with the DSE expired on June 23 amid controversy over fabrication of the company's financial statements. The DSE on June 20 sent a letter to the BSEC to extend the time for making a decision on listing Coppertech until the investigation of ICAB into its financial anomalies ends.
- On May 30, the ICAB sent to its investigation and disciplinary committee the auditor's report on Coppertech Industries for probing allegations of financial data fabrication against the company. But, the ICAB body couldn't thoroughly investigate the financial data flaws as the company's auditor Ahmed and Akhter did not provide relevant documents to the committee.

<http://www.newagebd.net/article/77044/bsec-asks-dse-to-pay-coppertech-BDT-20cr-ipo-fund-before-listing>

## Banks' operating profit rises despite liquidity crisis

The Daily Star, July 02, 2019

- Most of the private banks saw their operating profits edge up in the first half of the year despite the ongoing liquidity crisis and a decline in credit growth.
- The Daily Star obtained data of 23 banks and all of them posted growth in operating profit -- which is the profit before deduction of taxes and setting aside provisioning for loans -- ranging from 2 % to 120 %.
- Of them, Islami Bank Bangladesh, which is the largest private sector bank, posted the highest operating profit of BDT 1,223 crore in the six months to June, up 19.78 % year-on-year. City Bank reported a 39 % jump in operating profit to BDT 371 crore between the months of January and June as it concentrated on mobilising low-cost deposits and expanding its trade finance business.

OPERATING PROFIT		
In crore taka		
	H1-2019	H1-2018
IBBL	1,223	1,021
Pubali	540	447
DBBL	510	418
Southeast	505	455
Bank Asia	465	417
Al Arafah	405	260
City	371	266
NCC	362	296
Mercantile	331	325
Exim	330	325
Shahjalal	320	210
Jamuna	310	266
Dhaka	300	260
IFIC	297	155
SIBL	295	275

SOURCE: RESPECTIVE BANKS

<https://www.thedailystar.net/business/news/banks-operating-profit-rises-despite-liquidity-crisis-1765531>

## GPH to invest BDT 60m more in Star Allied Venture

The Financial Express, June 30, 2019

- GPH Ispat Ltd is going to invest BDT 60 mn more in Star Allied Venture Ltd, which has recently been decided at a board of directors meeting. The investment will be made as equity against purchase of 50 acres of land at Mirsarai Economic Zone in Chattogram to set up a TBR Tyre Factory, the company said in an official disclosure.

- In the disclosure, the company cited that this fresh funds (BDT 60 mn) is the additional amount of an earlier BDT 2.50 mn investment as equity. Earlier, the GPH Ispat also invested as equity for 25,000 ordinary shares of BDT 100 each and the total value of the investment was BDT 2.50 mn.
- The Star Allied Venture will form a joint venture company with Yunnan Yongle Overseas Investment Co Ltd. (a subsidiary of Kunming Iron and Steel Holding Co Ltd, a state owned company of China Government). The purpose of the formation of this joint venture (JV) company is to establish a JV investment in Bangladesh with an amount of US\$ 2.30 bn.
- On the premier bourse on Thursday, each share of the company traded between BDT 33.90 and 34.20, before closing at BDT 34. The company's earnings per share (EPS) stood at BDT 0.64 for January-March 2019 as against BDT 0.63 for January-March 2018.

<http://thefinancialexpress.com.bd/stock/gph-to-invest-BDT-60m-more-in-star-allied-venture-1561878627>

## **13 cos, one MF raise BDT 5.71b through IPOs**

IPOs rise 5.54pc in outgoing fiscal

The Financial Express, July 01, 2019

- Thirteen companies, mostly small ones, and one mutual fund raised an aggregate amount of BDT 5.71 bn by floating IPOs in the outgoing fiscal year.
- Fundraising by companies through initial public offerings (IPOs) rose 5.54 % year-on-year in the FY 2018-19 compared to the previous fiscal, according to data from the Dhaka Stock Exchange (DSE).
- In the FY 2017-18, nine companies and two mutual funds raised a total of BDT 5.41 bn through IPOs, the DSE data shows. The companies followed two methods -- fixed price and book-building -- in issuing IPOs.
- Two companies -- Esquire Knit Composite and Runner Automobiles -- used book-building method. Companies that intend to offer primary shares with premium prices followed the book building method to raise capital from public.
- Eleven other companies that raised funds using fixed-price method were VFS Thread Dyeing, ML Dyeing, Silva Pharma, Indo-Bangla Pharma, Kattali Textile, SS Steel, Genex Infosys, New Line Clothings, Silco Pharma, Coppertech Industries and Sea Pearl Beach & Resort. One mutual fund was SEML FBLSL Growth Fund.
- Most of the funds, raised through IPOs, were meant for business expansion, repayment of loans, and supporting working capital requirements. However, most of the companies that issued IPOs in the outgoing fiscal year were little known and fundamentally weak.

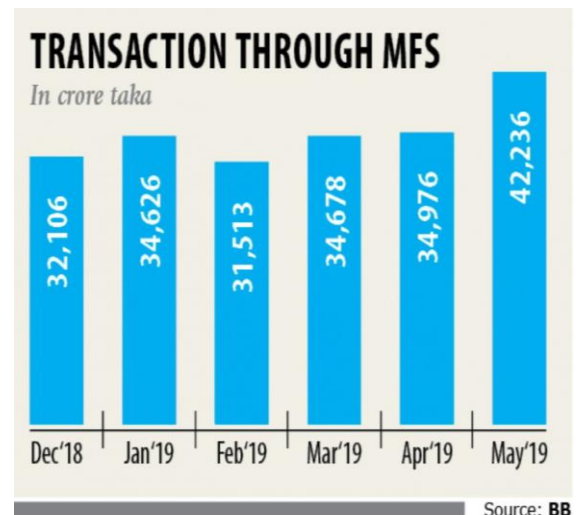
<http://thefinancialexpress.com.bd/stock/13-cos-one-mf-raise-BDT-571b-through-ipos-1561955771>

## Economy

### MFS transactions hit record high

The Daily Star, July 02, 2019

- Transactions through the mobile financial service platform hit a record BDT 42,236.23 crore in May as discounts offered by the major MFS providers to tempt Eid shoppers to pay through their channel appear to have worked.
- The amount is an increase of 20.8 % from the previous month, according to data from the Bangladesh Bank. At the end of May, the total number of registered MFS accounts reached 7.05 crore, of which 3.21 crore are actively using the service, according to the BB report .
- Salary disbursement through the platform crossed the landmark of BDT 1,000 crore in May, when BDT 1,243.67 crore was sent. Government's payments soared 53.9 % month-on-month to BDT 322.52 crore and utility bill payments 32.1 % to BDT 482.91 crore.
- Some MFS operators are collecting foreign remittance: in May BDT 26.71 core was received, up 74.9 % from the previous month. The average daily transaction in May stood at BDT 1,362.46 crore, up 16.86 % from April.



<https://www.thedailystar.net/business/news/mfs-transactions-hit-record-high-1765525>

### Banks to transfer incentive to accounts of remitters

The Daily Star, July 02, 2019

- Banks will transfer incentive to the bank accounts of remitters or their beneficiaries like they do in case of exporters as the maiden budget allocation for the hard-working migrant workers became available from yesterday.
- For the first time, the government has introduced an incentive, which is 2 %, on the money remitted by expatriate Bangladeshis with a view to encouraging the inflow of remittance through legal channels. The government has allocated BDT 3,060 crore for the purpose in the current fiscal year.
- For example, if an expatriate sends BDT 100, the respective bank will disburse BDT 102 in favour of the beneficiary account. Later, the bank will claim the additional payment with the central bank. At present, commercial banks disburse incentives to exporters when their earnings enter the country.
- On the other hand, exporters have to submit documents on exports when they claim the incentive. If any wrongdoing is noticed, there is scope to recover the money. Jamuna's operating profit increased 17 %.

<https://www.thedailystar.net/business/news/banks-transfer-incentive-accounts-remitters-1765522>

## International

### **UK economy feels the strain of global slowdown as well as Brexit**

New Age, July 02, 2019

- Britain's economy has lost momentum and might have shrunk in the second quarter of 2019, according to data that showed the double impact of Brexit and the slowdown in the global economy. Manufacturers had their worst month in more than six years and consumers increased their borrowing at the slowest pace since 2014.
- The value of sterling fell against the dollar and the euro after the data was published. Howard Archer, an economist with EY Item Club, a forecasting group, estimated that Britain's economy contracted by 0.2 % in the April-June period.
- The Bank of England last month cut its forecast for economic growth in the second quarter to zero. That largely reflected an unwinding of the rush by many factories to get ready for the original Brexit deadline which has now been delayed until October 31.
- The overall PMI slumped to 48.0 in June from May's 49.4, well below the average forecast in a Reuters poll of economists and its lowest reading since February 2013. Export demand fell for a third month as manufacturers around the world lost confidence.

<http://www.newagebd.net/article/77196/uk-economy-feels-the-strain-of-global-slowdown-as-well-as-brexit>

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