

Stock Market

GSK's earnings nosedive on pharma unit closure

The Daily Star, November 05, 2018

- GSK Bangladesh incurred a huge loss in the third quarter because of the closure of its pharmaceuticals unit in the country. The shutting down of the pharmaceutical operations involves a significant amount of costs in terms of severance payment to employees, impairment of non-current assets and inventory write-off, said the drug-maker in a posting on the website of the Dhaka Stock Exchange (DSE).
- These expenses affected the financial result of the entity leading to a significant deviation between earnings per share (EPS) and net asset value (NAV), it said. Continued losses in recent years forced GlaxoSmithKline to close the medicine manufacturing unit in July after more than six decades of operation.
- The British drug-maker posted a negative EPS of BDT 48.64 in the July-September quarter against BDT 20.50 in the same period the previous year. Overall, the EPS was BDT 33.50 in negative in January-September, down from BDT 39.78 in the same nine-month period last year. The NAV per share stood at BDT 129.85 on September 30, much lower than BDT 204.43 recorded on the same day a year ago.
- The unit had employed more than 800 permanent and nearly 200 temporary employees before its closure. GSK Bangladesh, however, would continue with its profitable consumer health care business that produces items like Horlicks, Sensodyne and Glaxose-D. The stocks of GSK Bangladesh fell 0.17% to BDT 1,068 on the DSE yesterday.
- The DSEX, the benchmark index of the bourse, dropped 19.48 points, or 0.37%, to close the day at 5,238.98. Turnover rose 1.8% to BDT 539.32 crore. Khulna Power was the top traded stock with 34.11 lakh shares worth BDT 36.08 crore changing hands, followed by United Power Generation, BBS Cables, Intraco Refueling and Nurani Dyeing.
- Hakkani Pulp & Paper Mills was the day's best performer with a gain of 21.27% on the back of the disclosure by the company. Regent Textile was the biggest loser, shedding 11.64%. Losers outnumbered gainers by 159 to 142, while 34 securities remained unchanged.

<https://www.thedailystar.net/business/news/gsk-earnings-nosedive-pharma-unit-closure-1656313>

ISN, Kay & Que declare dividends after 5 years

The Daily Star, November 05, 2018

- Information Services Network (ISN) and the Kay & Que announced dividends after at least five years just as Dhaka Stock Exchange (DSE) was reviewing their eligibility to remain listed. In August, the DSE decided to run reviews on 15 companies that did not pay any dividend in the last five years. If no potential for profitability is found, the DSE would delist them.
- Since the companies declared dividends, the DSE will not be reviewing them, said KAM Majedur Rahman, managing director of the DSE. Directors of the ISN decided to pay 1% cash and 4% stock dividend while Kay & Que will pay 5% cash dividend for the year ending on June 30, 2018. In the 2017-18 financial year, the ISN posted earnings per share of BDT 0.48, which was BDT 0.52 in the negative a year ago.
- In the previous three years, its EPS was BDT 0.63, BDT 0.70 and BDT 1.03 in the negative, according to the company's annual reports. Until the third quarter of 2017-18, its earnings per share stood at BDT 0.05 in the negative, which soared to BDT 0.48 positive by the year's end. The Kay & Que reported EPS of BDT 0.91 for the 2017-18 financial year, up from BDT 0.05 a year earlier. In the preceding year the company posted EPS of BDT 0.02 in the negative.

<https://www.thedailystar.net/business/news/isn-kay-que-declare-dividends-after-5-years-1656328>

Shepherd Industries to invest BDT 250m in Shepherd Textile

The Financial Express, November 04, 2018

- The board of directors of Shepherd Industries has decided to invest BDT 250mn in paid-up capital of Shepherd Textile, a non-listed company, subject to approval of the securities regulator.
- The board has approved the selling of approximately 453 decimals land of Shepherd Industries located at Bhaluka, Mymensingh and 2 floors (5th & 6th) of Head office building measuring 708.40 square meter along with proportionate land located at Uttara to Shepherd Textile in consideration of 2,500,000 ordinary shares at BDT 100 each of the company.
- Price of the said land and building will be determined at fair market value, said an official disclosure on Sunday. Shepherd Textile is a 100% export-oriented industry and engaged in the business of manufacturing and marketing of knitting fabrics.
- The said investment is expected to contribute an additional profit of approximately BDT 50mn towards overall profitability of the company. The board of directors of the company has recommended 12% cash dividend for the year ended on June 30, 2018. The annual general meeting will be held on December 19. The company has also reported EPS of BDT 1.15, NAV per share of BDT. 17.83 and NOCFPS of BDT 4.65 for the year ended on June 30, 2018 as against BDT 1.03, BDT 18.34 and minus BDT 6.0 respectively for the same period of the previous year.
- The company, which was listed on the Dhaka bourse in 2017, disbursed 10% stock dividend for the year ended on December 31, 2017. The sponsor-directors own 51.48% stake in the company, while institutional investors own 11.05%, foreign investors 24.87% and the general public 12.60% as of September 30, 2016.

<http://thefinancialexpress.com.bd/stock/bangladesh/shepherd-industries-to-invest-BDT-250m-in-shepherd-textile-1541312835>

BGMEA rejects DIFE plea to stop UD issuance

New Age, November 05, 2018

- Bangladesh Garment Manufacturers and Exporters Association on Sunday turned down the request of Department of Inspection for Factories and Establishments to stop issuance of utility declaration for 131 member factories for non-compliance.
- After one and a half month of the request of DIFE, BGMEA informed that it would not be appropriate to stop issuance of UD before January 2019 as there were some export orders in the factories.
- DIFE on September 20 issued separate letters to the presidents of BGMEA and Bangladesh Knitwear Manufacturers and Exporters Association and asked them to stop providing UD to the factories as the remediation progress in the units was not satisfactory. The department on October 25 sent a further letter to the BGMEA president to know whether any stapes were taken by the trade body in line with the previous letter of DIFE.
- In the letter, DIFE informed BGMEA that as per the round-4 of escalation protocol the department requested the trade body to stop issuing UD to 131 factories for the next three months with an aim to expedite remediation in the units inspected under national initiative.
- Following the Rana Plaza building collapse in April, 2013 that killed more than 1,100 people, a total of 3,780 garment factories were assessed under the three initiatives — European retailers' platform Accord, North American buyers' platform Alliance and the government-led and ILO-supported national initiative. Out of the 3,780 garment factories, 1,549 were inspected under the national initiative. Of them, 531 were closed, 69 relocated and 193 transferred to Accord and Alliance lists.

<http://www.newagebd.net/article/55094/bgmea-rejects-dife-plea-to-stop-ud-issuanc>

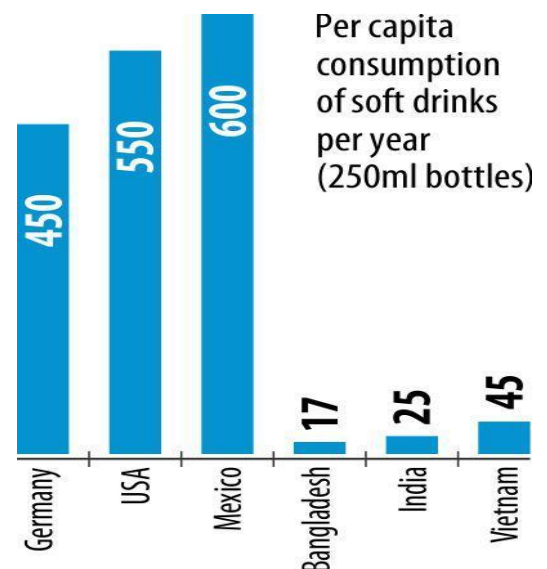
Economy

PepsiCo sees massive potential in Bangladesh

CEO of PepsiCo's franchise Transcom Beverages sheds light on soft drinks industry

The Daily Star, November 05, 2018

- The soft drinks industry has tremendous potential in Bangladesh, which is a home to a big pool of young population and has posted healthy economic growth in the last 10 years. The industry normally grows along with the economy, which is evident from annual per capita consumption of soft drinks in developed countries: it is 450 bottles in Germany, 550 in the US and 600 in Mexico but only 17 in Bangladesh.
- Bangladesh also lags behind its peers in Saarc -- India 25 bottles, Vietnam 45 and Sri Lanka 40. Consumption of hard drinks in Bangladesh is highly regulated whereas it is widely consumed in developed countries – another factor that offers immense opportunities for the sector to grow, he told The Daily Star in an interview last week.
- The CSD manufacturers in Bangladesh are burdened with a whopping 43.75% value-added tax and supplementary duty, which is much lower in other Saarc nations. Such taxes hover around 35.3% in India, 29.2% in Sri Lanka, 24.2% in Nepal and 30% in Bhutan, according to Chowdhury.
- 7 Up has been adjudged the most loved brand and the Best Beverage Brand in Bangladesh for the last eight years by Bangladesh Brand Forum. Transcom Beverages became the best bottler in the world and won the International Bottler of the Year award twice -- in 2009 and 2016. Transcom Beverages has so far invested close to \$180mn in the industry, said Chowdhury, who is one of the global recipients of the PepsiCo President's Ring of Honor award for his performance in 2010.



<https://www.thedailystar.net/business/news/pepsico-sees-massive-potential-bangladesh-1656349>

BTRC starts gauging radiation level on trial basis

New Age, November 05, 2018

- Bangladesh Telecommunication Regulatory Commission has started measuring the level of radiation emitted from base transceiver stations of mobile phone operators on trial basis with its newly imported devices. The commission has so far checked radiation level in a couple of places in Dhaka last week, a senior BTRC official told New Age on Sunday.
- As the guidelines on limiting radiation from BTSs of mobile phone operators are yet to be finalised eight months after drafting, the telecom regulator is following standards set by the International Telecommunication Union, World Health Organisation and International Commission on Non-Ionizing Radiation Protection in measuring the level of radiation.
- In a particular area, different types of spectrum bands might be responsible for creating radiation and the BTRC's equipment would suggest which bandwidth is responsible for creating high or harmful radiation, the official added.

The mobile phone operators, however, have claimed that the frequencies used by the operators do not create any radiation harmful to human health.

- BTRC initiated the move to measure radiation of the radio frequencies following an instruction from the High Court in March, 2017. Following a petition filed by Human Rights and Peace for Bangladesh, HC asked the telecom regulator to take preventive measures if any harmful radiation from the mobile towers was found. BTRC was also asked to formulate guidelines on the use of towers by mobile phone companies. As part of its move to check whether there is any harmful radiation by the mobile phone towers, it completed procurement of radiation measurement tools last month.

<http://www.newagebd.net/article/55095/btrc-starts-gauging-radiation-level-on-trial-basis>

Department of National Savings to launch database for savers to check anomalies

The Financial Express, November 04, 2018

- The government is expected to develop a database for the investors of national savings instruments by January next year to prevent people from buying such schemes exceeding the limit, officials said. For example, an individual is allowed to buy family savings certificates up to BDT 4.5mn. The thresholds for other schemes, including pensioners, are BDT 5.0mn and BDT 6.0mn.
- But officials say people tend to violate the rule and buy multiple schemes, investing beyond the limit. Next month, the state-run Department of National Savings (DNS) will sign a memorandum of understanding with the authority of National Identification (NID) for the database.
- After signing the agreement, the department will be able to launch the database as necessary groundwork has been laid for the purpose, including enlisting existing savers. The submission of NID will now be mandatory for every saver while purchasing state-owned savings tools, said Shamsunnahar Begum, Director General of the department.
- Currently, many options are open for the identification of savers including NIDs, passports and birth certificates. For this reason, people buy savings certificates violating the ceiling of the instruments if they want, said the DG, also an additional secretary. The system will make it difficult for the savers to snap up schemes even if it exceeds the permissible limit, she noted.
- The government's net borrowing from the sales of the savings certificates was BDT 90.57 bn in the July-August period of current fiscal year. The current fiscal year's target for the net borrowing from savings instruments has been set at BDT 261.97 bn, the DNS data showed. Currently, around 20mn people are investing in saving schemes.

<http://thefinancialexpress.com.bd/trade/departments-of-national-savings-to-launch-database-for-savers-to-check-anomalies-1541322973>

International

Oil rally faces tidal wave of supply

New Age, November 05, 2018

- The oil market's two-year bull run is running into one of its biggest tests in months, facing a tidal wave of supply and growing worries about economic weakness sapping demand worldwide. After topping out at more than \$75 and \$85 a barrel just a month ago, both US crude and Brent benchmark futures have grappled with near-relentless selling.
- For a time, prices had some support on hopes that renewed US sanctions on Iran would force barrels off the market. That changed in the last week. The world's three largest producers - Russia, Saudi Arabia and the United States - all indicated they were pumping at record or near-record levels, while the United States said it would allow waivers that could allow buyers to keep importing Iranian oil, lessening the threat of a supply crunch.

- Those factors, along with a spate of recent weak economic reports out of China and other emerging markets, have shifted the conversation back toward worries about oversupply, and pushed US futures to lows not seen since April, interrupting an upward move that had consistently found support during the rally's modest pullbacks.
- The structure of the US crude futures curve had for several months indicated expectations for tighter supply, but future-dated contracts now suggest investors think markets could be awash in oil over the coming months. There has been an exodus among speculators as well.
- In the last two weeks, net bullish bets on oil have declined to the lowest level in over a year. Selling notably accelerated on Thursday after US West Texas Intermediate (WTI) crude futures fell below \$65 a barrel, a level that had stood firm in previous selloffs during the summer and fall. The oil market ran higher in anticipation of this week's formal re-imposition of sanctions against Iran by the United States, and on concerns that supply from producers like Saudi Arabia would not be able to make up the difference.
- However, the US government said on Friday it will temporarily allow several countries including South Korea and Turkey to keep importing Iranian oil when US sanctions come back into force on Monday, sparing them for now from the threat of US economic penalties.

<http://www.newagebd.net/article/55093/oil-rally-faces-tidal-wave-of-supply>

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