

Key News

- ✓ [Stocks gain for 3rd week riding on large cap companies](#)
- ✓ [Increase MF sector size to Tk 1.5 lakh cr: BSEC chief](#)
- ✓ [Deshbandhu Polymer plans to issue Tk500cr Sukuk](#)
- ✓ [Meghna Bank to raise Tk 1.50b through IPO](#)
- ✓ [Berger Paint declares 375% cash dividend](#)
- ✓ [Far East Knitting declares 10% cash](#)
- ✓ [Star Adhesives to be listed on SME platform](#)
- ✓ [Subscription of ACME Pesticides begins Oct 12](#)
- ✓ [Tax receipts from DSE jumps 85pc in Jul-Sept](#)
- ✓ [BB relaxes banks' investment rules](#)
- ✓ [Diversification makes them stronger](#)
- ✓ [Energy price spike adds market risk as earnings arrive](#)

Stock Market & Company

Stocks gain for 3rd week riding on large cap companies

Newage, October 09, 2021

- Dhaka stocks rose in the past week despite a fall in share prices of more than two-thirds of the companies traded in the week as a group of investors went for buying shares, especially those of large capitalised companies, while many others kept selling shares to book profits.
- DSEX, the key index of the Dhaka Stock Exchange, added 0.19 per cent, or 13.93 points, over the past week to close at 7,342.97 points on October 7, the last trading session of the week. The DSEX gained 114.66 points in the last three weeks.
- Among the prominent companies, share prices of GPH Ispat, Power Grid Company, Orion Pharmaceuticals, British American Tobacco, LafargeHolcim Bangladesh, and Robi Axiata shot up over the week that saved the market from a plunge. DSE's blue-chip index DS30 soared by 2.1 per cent, or 56.86 points, to finish at 2,767.39 points.
- Average share prices of food, cement, energy and pharmaceutical sectors advanced by 3.3 per cent, 3.1 per cent, 2 per cent and 1 per cent respectively. The daily average turnover on the DSE increased to Tk 2,544.99 crore in the past week compared with that of Tk 2,229.13 crore in the previous week. Shariah index DSES also increased by 0.23 per cent, or 3.69 points, over the past week to close at 1,595.79 points.
- Orion Pharmaceuticals, BEXIMCO, Power Grid Company of Bangladesh, LankaBangla Finance, GPH Ispat, Beximco Pharmaceuticals, Paramount Textile, SAIF Powertec and Baraka Patenga Power Limited were the other turnover leaders in the week.

<https://www.newagebd.net/article/151389/stocks-gain-for-3rd-week-riding-on-large-cap-companies>

Increase MF sector size to Tk 1.5 lakh cr: BSEC chief

Newage, October 09, 2021

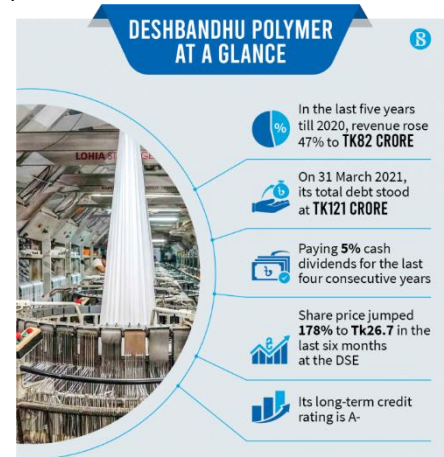
- The size of the country's mutual fund sector requires a 10-fold increase to be about Tk 1.5 lakh crore for the betterment of the capital market, said Bangladesh Securities and Exchange Commission chairman Shibly Rubayat-Ul-Islam on Saturday.
- He made the comment at a webinar organised by the Association of Asset Management Companies and Mutual Funds to celebrate the World Investor Week-2021.
- Shibly said that the current size of the mutual fund sector was Tk 15,000 crore, which was very small. 'We should work to make the size of the sector Tk 1.5 lakh crore,' he said. The BSEC at a commission meeting in the past week discussed ways to increase the mutual fund sector's size tenfold, he said. The regulator is ready to do everything to achieve the goal and make the sector more popular, he said.
- Shibly also urged the AMCs to find out the problems and hurdles the sector was facing now. The sector is doing well now and the regulator is working to expand the sector, he added.

<https://www.newagebd.net/article/151388/increase-mf-sector-size-to-tk-15-lakh-cr-bsec-chief>

Deshbandhu Polymer plans to issue Tk500cr Sukuk

The Business Standard, October 09, 2021

- Deshbandhu Polymer Limited – a manufacturer of polypropylene (PP) woven bags for the local market and exports – plans to raise Tk500 crore by issuing a Sukuk bond for repaying loans and business expansion. The board of directors of the company approved the plan at a meeting on Thursday evening.
- It is also going to sign agreements with Islami Bank Capital Management Limited and LankaBangla Investments Limited to appoint the merchant banks as issue managers.
- The PP woven bag industry insiders say around 100 firms are engaged in this business and the market size was Tk3,000 crore in 2020. Currently, the sector is growing at 20% yearly.
- Deshbandhu Polymer is a sister concern of Deshbandhu Group, which started its journey in 1989, with trading and importing fertiliser. Since then, it has been moving forward for 32 years.
- At present, Deshbandhu Group has everything from sugar mill, cement industry, fertiliser factory, shopping mall, shipping, textile mill, readymade garment factory, beverage, captive power plant, housing, and logistics to media. Its annual turnover is Tk2,400 crore.



<https://www.tbsnews.net/economy/stocks/deshbandhu-polymer-plans-issue-tk500cr-sukuk-313657>

Meghna Bank to raise Tk 1.50b through IPO

The Financial Express, October 10, 2021

- Meghna Bank Limited is diversifying its investment portfolios with focus on retail and small and medium enterprises (SME) business to minimize risk, the bank's top executive has said. Under the plans, the investment in retail and SME will reach at 50 per cent of its total loans and advances within the next two years from the existing level of 30 per cent.
- The fourth generation PCB commenced its operation from May 09, 2013. Meghna Bank has already taken a series of measures including digitization aiming to transform the PCB into a robust as well as specialized bank by 2023.
- As part of the plans, Meghna Bank is already strengthening its different channels like digital financial solutions, mobile app based solutions, agent banking and internet banking to provide faster services to the clients using modern technologies.
- Meghna Bank plans to extend services to the doorstep of its valued customers across the country using the latest financial technology (FinTech) in near future, according to the CEO.

<https://thefinancialexpress.com.bd/stock/meghna-bank-to-raise-tk-150b-through-ipo-1633835073>

Berger Paint declares 375% cash dividend

The Business Standard, October 09, 2021

- Berger Paints Bangladesh Limited has declared a 375% cash dividend for its shareholders for fiscal 2020-21. The company achieved 2.8% revenue growth and around 6% volume growth until March this year. It also achieved a 12.3% growth in income before tax.
- During the period, the cost of sales reduced from 61.5% to 60.2% of net sales. Despite higher sales in fiscal 2020-21, total expenses both in absolute value and as a percentage of net sales reduced from the previous year, resulting in higher profitability in that fiscal year.
- Gerald K Adams, chairman at Berger Paints Bangladesh Limited, who presided over the meeting presented the directors' report, auditors' report, and audited financial statements till March this year.

<https://www.tbsnews.net/economy/stocks/berger-paint-declares-375-cash-dividend-313639>

Far East Knitting declares 10% cash

The Business Standard, October 07, 2021

- Far East Knitting & Dyeing Industries Limited has declared a 10% cash dividend for its shareholders for the year ending 30 June 2021. The dividend was declared at a company board meeting on Thursday.
- The company operates a readymade composite knit industrial unit of international standards, for the knitting, dyeing, designing, manufacturing and marketing of readymade garments, to sell in foreign markets. The company will have its annual general meeting (AGM) on 23 December 2021 to approve the declared dividend, an audited report, and other matters. The record date will be 11 November.
- According to their financial report 2021, company net profit was Tk17.28 crore, which was Tk7 crore in the previous year. During the period, its earnings per share stood at Tk0.79 and net asset value per share at Tk19.48.

<https://www.tbsnews.net/economy/stocks/far-east-knitting-declares-10-cash-312883>

Star Adhesives to be listed on SME platform

Newage, October 06, 2021

- Star Adhesives Limited, a concern of Partex Group, has decided to raise Tk 5 crore through a qualified investor offer under the small medium enterprise platform. The company has filed documents with the Bangladesh Securities and Exchange Commission and the Dhaka Stock Exchange regarding the issue.
- The company will issue 50 lakh shares at Tk 10 each. The net proceeds from the QIO will be used for factory renovation and meet up working capital requirement and loan payment, according to the documents.
- AAA Finance & Investment Limited is the issue manager of the QIO. The net profit of the company was Tk 2.6 crore in 2021 against Tk 88.21 lakh in the previous year. Earnings per share shot up to Tk 6.05 in 2021 compared with that of Tk 2.76 in the previous year.

<https://www.newagebd.net/article/151105/star-adhesives-to-be-listed-on-sme-platform>

Subscription of ACME Pesticides begins Oct 12

The Financial Express, October 10, 2021

- IPO (initial public offering) subscription of ACME Pesticides will commence on October 12 (Tuesday) to raise Tk 300 million under fixed price method. According to information of Dhaka Stock Exchange (DSE), the company's IPO subscription will be continued till October 18.
- As per the BSEC approval, the company will offload 30 million shares of Tk 10 each under the fixed price method to raise Tk 300 million.
- As per the financial statement for the year ended on September 30, 2020 the net asset value (without revaluation) of ACME Pesticides is Tk 16.84 per share. The company reported its EPS of Tk 0.48 for the said time period. Shahjalal Equity Management is working as issue manager of ACME Pesticides.

<https://thefinancialexpress.com.bd/stock/subscription-of-acme-pesticides-begins-oct-12-1633835197>

Tax receipts from DSE jumps 85pc in Jul-Sept

The Financial Express, October 08, 2021

- The government's revenue earnings from Dhaka Stock Exchange (DSE) marked a whopping 85 per cent rise in the first quarter (Q1) of the current fiscal year, compared to the same period of the previous fiscal.
- With the rising trading volume, government's earnings from the prime bourse also swelled accordingly as earning is related to market turnover, according to market analysts.
- The market turnover increased significantly during the period under review as the buoyant investors have given a boost to the capital market amid growing confidence in the market, said a merchant banker.
- The government bagged revenue worth Tk 1,311 million in July-September period of the Fiscal Year (FY) 2021-22, as against Tk 709 million in the same period of the previous fiscal year, registering a 85 per cent growth, according to DSE statistics.
- Of the total earnings in July-September, Tk 1,191 million came from the tax on TREC (Trading Right Entitlement Certificate) holders' commission, popularly known as brokerage commission, while Tk 120 million came from the tax on share sales by sponsor-directors and placement holders, the DSE data show.
- In the same period of the last fiscal year, Tk 469 million came from the tax on TREC holders' commission and Tk 240 million from the tax on share sales by sponsor-directors and placement holders.
- The DSE, on behalf of the government, collects the tax on TREC holders' commission and share sales at the rate of 0.05 per cent and 5.0 per cent respectively and deposits the amount to the government exchequer.

Revenue earnings from DSE

	FY 2021-22	FY 2020-21
July	Tk 289 million	Tk 188 million
August	Tk 502 million	Tk 246 million
September	Tk 520 million	Tk 275 million
Total	Tk 1,311 million	Tk 709 million

Data source: DSE

<https://thefinancialexpress.com.bd/stock/tax-receipts-from-dse-jumps-85pc-in-jul-sept-1633662905>

Economy & Industry

BB relaxes banks' investment rules

The Daily Star, October 08, 2021

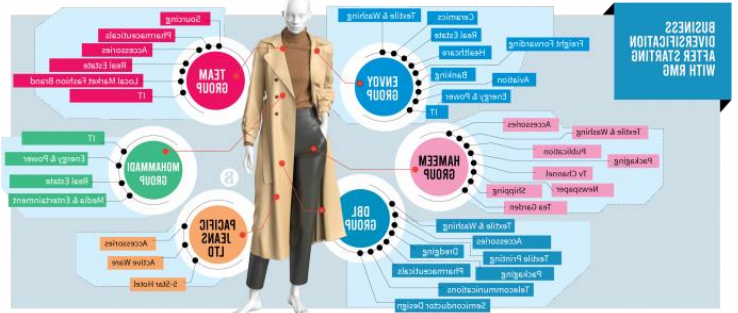
- Bangladesh Bank yesterday relaxed rules regarding banks' investment in Treasury bills and bonds in order to help them avoid generating lower-than-expected profits in the secondary bond market. Many banks now face lower profits than what they had expected as interest rates of T-bills and bonds have recently declined, creating an uneasy situation for the lenders.
- Against this backdrop, the central bank increased the investment ceiling for banks on held-to-maturity (HTM) securities. Banks have to keep HTM securities until maturity of the instruments, meaning that there is no scope to sell those in the secondary bond market.
- There is another type of securities, which are held-for-trading (HTF). Lenders have to sell the HTF in the secondary market as per the rules. Banks have to segregate all their purchased T-bills and bonds in the two categories soon after investing their funds in the government securities.
- The country's banking sector has faced pressure from excess liquidity, which has forced them to invest their idle funds in the instruments. This has subsequently lowered the interest rate of T-bills and bonds.
- For this reason, banks with HTF securities are facing losses, which is why the central bank has allowed banks to convert the instruments into HTM ones. This means banks would get respite to sell the securities for the time being by way of avoiding taking part in the secondary market.
- As per the new rules of the central bank, non-primary dealer banks will be able to hold 120 per cent of their respective statutory liquidity ratio instead of abiding by the existing limit of 110 per cent. Primary dealer (PD) banks will be allowed to increase the limit to 135 per cent of the statutory liquidity ratio in contrast to 125 per cent.

<https://www.thedailystar.net/business/economy/banks/news/bb-relaxes-banks-investment-rules-2193416>

Diversification makes them stronger

The Business Standard, October 10, 2021

- Diversify or die — thus goes a warning to businesspersons against standing in the same place for too long. Acting on this nugget of business wisdom, many Bangladeshi apparel entrepreneurs have ventured into such diversified businesses like housing, hospital, ceramic tiles, and even power generation in the last four decades.
- Such strategic business decisions have helped them grow bigger and stronger over time as they chose not to keep all their eggs in one basket.
- Envoy Group Chairman Kutubuddin Ahmed explains why he has ventured into the real-estate business: "Our philosophy was to support another business if one faces any trouble."
- To MA Rahim Feroz, vice chairman of garment maker DBL Group that has made a foray into pharma business, diversification is a means to sustain business growth.
- Mohammadi Group says it stepped into information technology and power generation responding to the needs of the time.
- But the case was different for Shanta Group, which has washed its hands off the garment business as it felt that it had done enough in apparels and has more to do in education and health to improve quality of life.
- Here are the stories of some big names in readymade garments who made their mark in other businesses too. According to sector insiders, about 100 companies from this sector have diversified their business into other sectors, and some of them have achieved enviable success.



<https://www.tbsnews.net/economy/rmg/diversification-makes-them-stronger-313672>

International

Energy price spike adds market risk as earnings arrive

The Daily Star, October 10, 2021

- US stock market investors are gauging whether more volatility is ahead because of surging global energy prices, which could drive up inflation, erode profit margins and pressure consumer spending. Stocks rebounded this week after Monday's losses left the S&P 500 down 5.2 per cent from its record high hit in September.
- A truce in the US Congress to avoid a debt default provided some relief, but investors remain worried about inflation, higher US Treasury yields and the Federal Reserve's plan to unwind its easy money policies. Energy costs are a major factor for inflation, and will be a key topic as companies report third-quarter results in coming weeks.
- Oil prices have surged more than 25 per cent since late August, with Brent topping \$80 a barrel and hitting three-year highs. Natural gas prices in Europe have rocketed, causing alarm among political leaders.
- Oil prices have a "roughly neutral" affect on overall corporate earnings, according to Goldman Sachs strategists, with every 10 per cent increase in Brent prices boosting S&P 500 earnings per share by 0.3 per cent. Energy shares have soared as crude prices climbed, yet higher prices could weigh on companies ranging from transportation to consumer discretionary firms.
- Despite September's pullback, the S&P 500 remains up about 17 per cent so far in 2021. Even as investors swooped in to buy the market's latest dip, some Wall Street strategists are pointing to risks that could come with jumping into equities.
- Analysts at Capital Economics said in a note that rising energy prices could put more upward pressure on bond yields. A jump in yields roiled stocks in recent weeks, particularly tech shares.
- If oil prices keep rising toward \$100 a barrel, that "could continue to weigh on sentiment," said Michael Arone, chief investment strategist at State Street Global Advisors.

<https://www.thedailystar.net/business/global-economy/america/news/energy-price-spike-adds-market-risk-earnings-arrive>

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