

## Key News

- ✓ [Stocks fall for second straight day](#)
- ✓ [Quasem Industries' profit grows 107% on capital gains](#)
- ✓ [Fortune Shoes eyes local market](#)
- ✓ [Sonali Paper posts 959% quarterly profits](#)
- ✓ [Saif Powertec to build inland container depot in Chattogram](#)
- ✓ [Banks hold on to a few borrowers despite risks](#)
- ✓ [Tax holiday for pharma ingredient makers till 2032](#)
- ✓ [US earnings seen strong, but costs worry investors](#)

## Stock Market & Company

### Stocks fall for second straight day

The Daily Star, October 13, 2021

- Stocks fell for the second consecutive day yesterday as investors kept booking profits. The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), edged down 31 points, or 0.43 per cent, to 7,313. The DS-30, the blue-chip index, dropped seven points to 2,749.
- Investors were taking profits as many shares went up by as high as 5 per cent in the last few days, said a stockbroker. Some big paid-up capital-based companies fell, dragging the key index down, he said. Major firms contribute more to the movement of the index.
- Shares of Robi Axiata, ICB, LafargeHolcim and Grameenphone wiped around 23 points off the DSEX, according to amarstock.com, a share-related data provider.
- Turnover, another important indicator of the market, rose to Tk 1,863 crore from Tk 1,848 crore a day earlier. At the exchange, 93 stocks advanced, 244 fell, and 38 were unchanged.
- NRB Commercial Bank topped the gainers' list rising 9.71 per cent, followed by GBB Power, ICB Islamic Bank, Kattali Textiles, and Deshbandhu Polymer.
- Tamijuddin Textile gave up the most as it lost 7.5 per cent, followed by Envoy Textiles, Tallu Spinning, Alif Industries, and Maksons Spinning. LafargeHolcim Bangladesh was the most traded stock as its securities worth Tk 150 crore changed hands, followed by Orion Pharmaceuticals, IFIC Bank, Power Grid, and Delta Life Insurance.
- Share on the Chittagong Stock Exchange also dropped on the day. The CASPI, the general index of the bourse, edged down 128 points, or 0.59 per cent, to end the day at 21,360. Of the 301 stocks traded, 73 rose, 206 fell, and 22 remained unchanged.



<https://www.thedailystar.net/business/economy/stock/news/stocks-fall-second-straight-day-2197061>

## Quasem Industries' profit grows 107% on capital gains

The Business Standard, October 12, 2021

- Quasem Industries Limited has posted a 107% growth in profit driving on the capital gains in 2020-21 fiscal amid the pandemic. Half of the profit came from the government compensation for acquiring some land in Tangail.
- In FY21, the country's largest dry cell battery manufacturer made a Tk9.16 crore profit; of which, Tk4.59 crore came as capital gains from the government. In the previous fiscal year, its net profit was Tk4.41 crore.
- Besides a variety of dry cell batteries, Quasem Industries manufactures battery-operated products, flashlights, air fresheners, shaving foam, and aerosol.
- Officials said the company has done better business despite the disruption due to the pandemic. Overall, government compensation has contributed to a jump in profit. Although the profit rose significantly, the company has recommended a 10% stock dividend, and after issuing bonus shares, the retained earnings will be used as capital. It said such bonus shares will be issued upon approval from the Bangladesh Securities and Exchange Commission (BSEC).
- In this fiscal year, the company has discontinued the trading relationship with its sister concern Quasem Lamps. The mother company Quasem Industries will earn from services of its sister concerns.

<https://www.tbsnews.net/economy/stocks/quasem-industries-profit-grows-107-capital-gains-315010>

## Fortune Shoes eyes local market

The Business Standard, October 12, 2021

- After years of successful presence in the international market, footwear manufacturer Fortune Shoes Limited now wants to have a foothold in the local market. To make this happen, it will form a company named Fortune Gallery Limited which will run retail stores across the country under the brand name of Fortune Gallery.
- The company will sell footwear and lifestyle products from the stores. The new company will be formed with an authorised capital of Tk100 crore and its paid-up capital will be Tk5 crore. Initially, the board of Fortune Shoes decided to subscribe to 49% shares in Fortune Gallery. The remaining shares will go to other promoters.
- Fortune Shoes started exporting footwear in 2010 and got listed on the capital market in 2016. It has three factories in Barishal and Savar. In the last six years till FY2019, its exports rose by 106% to Tk154 crore. But due to the pandemic, the export value fell by 23% to Tk119 crore. In fiscal 2020-21, the company returned from the Covid-19 shocks and reported an 18% growth in revenue to Tk140.44 crore.
- During the fiscal year, the country's footwear exports rose by 19% to \$569.88 million, while they dropped 21% in the previous fiscal year.

<https://www.tbsnews.net/economy/stocks/fortune-shoes-eyes-local-market-315019>

## Sonali Paper posts 959% quarterly profits

The Business Standard, October 12, 2021

- Sonali Paper and Board Mills – a concern of Younus Group of Industries – reported ten times higher or 959% year-on-year growth in profit in the first quarter of the current fiscal year although the revenue grew at 28% only. According to financials, its net profit rose to Tk12.18 crore in the July- September quarter of fiscal 2021-22.
- The earnings per share (EPS) stood at Tk6.66 while revenue rose to Tk39.73 crore. At the same quarter of the previous fiscal year, its net profit, EPS, and revenue were Tk1.15 crore, Tk0.63, and Tk31.03 crore, respectively.
- Its principal activities are manufacturing and marketing of media, liner, simplex, duplex paperboard, and quality papers such as newsprint. The company said, during the period, its sales and other income increased, and financial costs decreased. As a result, its net profit and EPS increased from that of the previous year.
- Earlier, in fiscal 2020-21 that ended on 30 June 2021, Sonali Paper and Board Mills had posted a 235% year-on-year growth in profit based on other income while its revenue growth was 0.42%. In that fiscal year, the annual revenue stood at Tk141.46 crore and profit jumps to Tk8.94 crore. The profit was the highest in the last eight years.
- As profit rose significantly, it had recommended the highest 40% dividends in the last decade for its shareholders; of which 20% cash and 20% stock.

<https://www.tbsnews.net/economy/sonali-paper-posts-959-quarterly-profits-315028>

## Saif Powertec to build inland container depot in Chattogram

The Business Standard, October 12, 2021

- Saif Powertec Limited, the terminal operator of Chattogram port, is going to begin construction of a new inland container depot (ICD) with an estimated expense of Tk300 crore. The new ICD will be built in the Hlishahar area on the outskirts of the port city on a 21.29acre land owned by the Bangladesh Railway.
- The planned container depot will have the capacity to handle over one lakh containers a year, said people linked to the project, adding that it will create about 500 jobs and contribute to a yearly business of Tk120 crore.
- An agreement on this between Bangladesh Railway's Container Company of Bangladesh (CCBL) and Saif Powertec is set to be signed on 19 October. Earlier on 17 May 2016, the railway ministry formed CCBL in a bid to boost railway container transport. Railway authorities later allocated 21.29acre land under the CCBL for the construction of ICD.
- Currently, 19 private ICDs are operational in Chattogram, which handle an average of 16 lakh TEUs of containers per year. Chattogram port, the main seaport of the country, handles 92% of the import and export trade. 98% of the total containers transported in the country are transported through the port. 80% of these containers are transported by road from Chattogram port, 18% by sea and the remaining 4% by the railways.

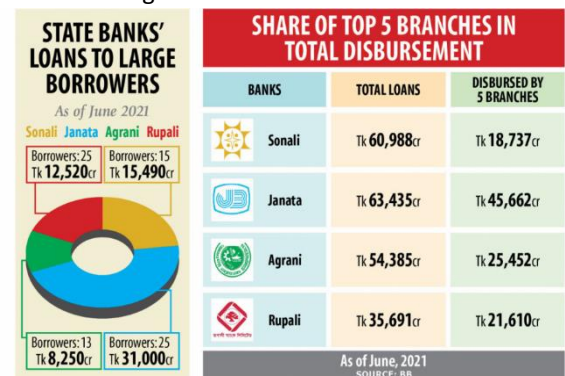
<https://www.tbsnews.net/economy/saif-powertec-build-inland-container-depot-chattogram-314710>

## Economy & Industry

### Banks hold on to a few borrowers despite risks

The Daily Star, October 13, 2021

- State banks in Bangladesh are maintaining an elevated level of loan concentration among a handful of clients, putting their own financial health and the interest of depositors at grave risk. Four state banks – Sonali, Janata, Agrani and Rupali – lent a combined Tk 67,264 crore among only 78 companies as of June, data from the Bangladesh Bank showed.
- As a result, the credit risk of the banks has widened to a large extent. If the borrowers default on their loan payments, the health of the lenders will deteriorate alarmingly, analysts say. Depositors also face risk because of the loan concentration.
- If the non-funded loans given out by the banks are taken into account, the credit concentration will be larger than the funded ones.
- Funded loans refer to the credit facility where there is an actual transfer of money from banks to borrowers. In the case of non-funded loans, transfers of funds don't take place.
- Funded loans are disbursed in the form of term loans and working capital, whereas non-funded credits are extended through letters of credit, bank guarantees and so on.
- Sonali Bank gave out funded loans amounting to Tk 15,490 crore as of June. Loans totaled Tk 94,719 crore if the non-funded credit is taken into account. Janata Bank lent Tk 31,000 crore in the form of funded loans. The non-funded credits took the total to Tk 37,733 crore.
- Four companies out of 25 have already become defaulters, with combined bad loans of Tk 7,144 crore.



<https://www.thedailystar.net/business/economy/banks/news/banks-hold-few-borrowers-despite-risks-2197106>

## Tax holiday for pharma ingredient makers till 2032

The Business Standard, October 12, 2021

- The National Board of Revenue (NBR) has decided to offer a tax holiday facility to the manufacturers of active pharmaceutical ingredients (API) and laboratory reagents till 2032, subject to complying with certain conditions. The income tax wing under the NBR has made the move for the sector in line with the National API Policy on Monday.
- The revenue board has come up with such an incentive to achieve self-reliance on active pharmaceutical ingredients (API) and laboratory reagents and to draw in foreign investments, according to sources familiar with the matter.
- Currently, Pharma makers enjoy tax exemption on the production of raw materials locally until 2022. Now the facility is being extended to 2032 on certain conditions, as per an NBR proposal to the finance ministry.
- According to the NBR, to be eligible for the tax break, raw material manufacturers will have to spend 1% of their annual turnover on research and development.
- Those who will manufacture three APIs or laboratory reagents will get a 22.5% cut in corporate tax, meaning that they will pay 7.5% in tax. Failing to conform to the conditions, non-listed companies will count a 30% regular corporate tax, while the listed ones will pay 22.5%, according to the NBR proposal.

<https://www.tbsnews.net/economy/tax-holiday-pharma-ingredient-makers-till-2032-314965>

## International

### US earnings seen strong, but costs worry investors

The Daily Star, October 13, 2021

- Investors are primed for another period of strong US profit growth as third-quarter reports from Corporate America flow in starting this week. But as business continues to emerge from the coronavirus pandemic, new problems are arising that are taking center stage for Wall Street, including supply-chain snags and inflationary pressures.
- In the run-up to earnings season, a number of companies have issued downbeat outlooks. FedEx Corp said labor shortages drove up wage rates and overtime spending, while Nike Inc blamed a supply-chain crunch and soaring freight costs as it lowered its fiscal 2022 sales estimate and warned of holiday-season delays.
- Analysts see a 29.6 per cent year-over-year increase in earnings for S&P 500 companies in the third quarter, according to IBES data from Refinitiv as of Friday, down from 96.3 per cent growth in the second quarter. The third-quarter forecast is down a touch from several weeks ago, a reversal of the recent trend for estimates.
- Third-quarter earnings growth was always expected to be much lower than the blowout gain of the second quarter, when companies had much easier year-ago comparisons because of the pandemic.
- Investors are weighing the impact of sharply higher energy costs on businesses and consumers after a recent surge in oil and natural gas prices. While higher energy prices should be a boon for energy producers, they are an inflationary risk for many other companies like airlines and other industrials and cut into consumer spending.
- Third-quarter earnings arrive with the market still wobbly after a weak and volatile September. The S&P 500 in September registered its biggest monthly percentage drop since the onset of the pandemic in March 2020. It was also the index's first monthly decline since January. Analysts are skeptical about how much is priced in.

<https://www.thedailystar.net/business/global-economy/news/us-earnings-seen-strong-costs-worry-investors-2197056>

## Disclaimer

*This document has been prepared by Bank Asia Securities Ltd (BASL) based on publicly available data for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither BASL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However, all reasonable care has been taken to ensure the accuracy of the contents of this document. BASL or Research & Development Department will not take any responsibility for any decisions made based on the information herein. As this document has been made for the Traders of BASL and strongly prohibited for circulation to any clients, investors or any other persons from outside of BASL.*

## About Bank Asia Securities Ltd

Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

## 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](mailto:research@basl-bd.com).