

Stock Market & Company

Stocks slump on poor reports

New Age, November 14, 2019

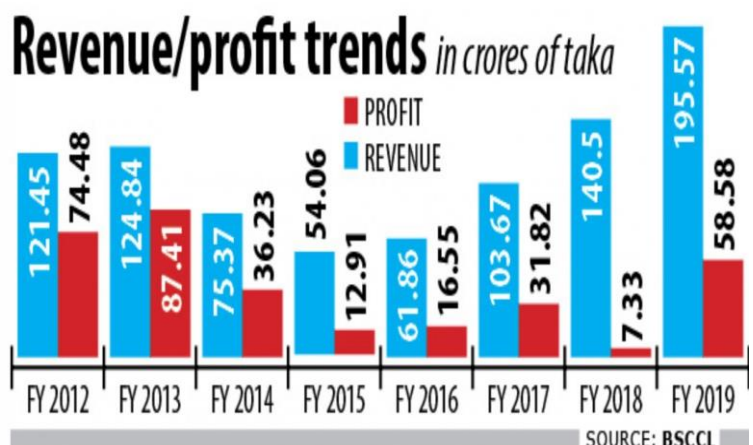
- Dhaka stocks slumped on Wednesday as investors continued offloading their holdings amid poor financial disclosures by a number of listed companies. DSEX, the key index of Dhaka Stock Exchange, dropped by 0.87 per cent, or 42.01 points, to close at 4,737.17 points on Wednesday after losing 2.28 points in the previous session.
- The market started falling from the very beginning on Wednesday and descended more firmly as the session progressed with investors resuming panic sales amid poor financial disclosures by a number of listed companies, market operators said. They said that a number of companies disclosed poor financial accounts that dampened the investors' mood.
- State-run Investment Corporation of Bangladesh declared loss of BDT 1.93 per share for the July-September period this year compared with that of BDT 0.41 per share in the same period last year. Profits of Shahjibazar Power Company dropped to BDT 99 per share in July-September this year from BDT 1.26 per share in the same period in the previous year. Profits of BSRM Steel plunged to BDT 0.38 per share in July-September period this year from those of BDT 1.22 per share in the previous year.
- Profits of Titas Gas and Premier Cement dropped in the first quarter this year and profits of Bashundhara Paper Mills and Meghna Cement decreased in the year ended on June 30, 2019 compared with that in the previous year. Besides, a section of investors booked some profits after a four-day rise in share prices, market operators said.
- Turnover on the bourse decreased to BDT 389.95 crore on Wednesday from BDT 392.50 crore in the previous day. Out of the 350 scrips traded on the day, 235 declined, 77 advanced and 38 remained unchanged.

<http://www.newagebd.net/article/90553/stocks-slump-on-poor-reports>

Submarine Cable Company's profit jumps eightfold

The Daily Star, November 14, 2019

- Bangladesh Submarine Cable Company Ltd's (BSCCL) net profit climbed eight times last fiscal year, on the back of a boost in bandwidth usage through a second undersea cable. The state-run cable company's net profit rose to BDT 58.58 crore in 2018-19 from BDT 7.33 crore in 2017-18, according to its annual financial statement.
- The company also clocked the highest ever single year revenue of BDT 195.57 crore last fiscal year during its decade-long journey. The



BSCCL has decided to offer only 16 percent cash dividend to shareholders, meaning it will have to set aside BDT 27 crore from the net profit, said Managing Director Mashiur Rahman.

- In 2017-18, the company declared 5 percent cash dividend, the lowest since its listing in 2012. In order to connect with SEA-ME-WE-6 (South East Asia–Middle East–Western Europe), an optical fibre submarine communications cable system, the BSCCL will need BDT 600 crore.
- The cable company has decided to earmark BDT 30 crore from last fiscal year's net profit. In the next two years, the BSCCL will have to do the same, Rahman said.
- The company will borrow from development partners to bankroll the third cable. "But our intention is to take as less loans as possible to keep the installment size smaller and ensure more profit for us in the future," he added.
- The company has signed a memorandum of understanding with the SEA-ME-WE 6 consortium and would ink the final contract in the first quarter next year. The country will be connected with its third undersea cable in June 2023, adding 10 terabits per second bandwidth to the national capacity.

<https://www.thedailystar.net/business/news/submarine-cable-companys-profit-jumps-eightfold-1826986>

Heidelberg to snap up Ultratech

The Daily Star, November 14, 2019

- Fierce competition among too many producers has forced Emirates Cement Bangladesh, the owning company of Ultratech, to sell its entire stakes in Bangladesh to Germany's HeidelbergCement.
- HeidelbergCement Bangladesh in a statement yesterday announced that the board of directors of the company has approved the acquisition of 100 percent of Emirates Cement Bangladesh and Emirates Power Company at a cost of nearly BDT 183 crore (USD21.59 mn).
- Ultratech had entered into the Bangladesh market following India's Aditya Birla Group's acquisition of Dubai-based ETA Star Cement in 2010 at a price of USD380 mn, giving it direct access to markets in the Middle East and Bangladesh.
- The cement maker incurred losses in five years since the commencement of production in 2011 and made profits in the remaining years. At the end of fiscal 2018-19, its reserve and surplus stood BDT 56.69 crore in the negative.
- Bangladesh has the capacity to produce 60 mn tonnes of cement, exceeding a market demand of 35 mn tonnes, according to industry people. Of the 75 cement manufacturers in Bangladesh, around three dozens are actively making cement.
- Heidelberg's yearly cement production capacity is 2.37 mn tonnes, according to the company's 2018 annual report. On the other hand, Ultratech's Bangladesh plant has an annual capacity of 0.5 mn tonnes.

<https://www.thedailystar.net/business/news/heidelberg-snap-ultratech-1826983>

MI Cement to form three subsidiary cos

The Daily Star, November 14, 2019

- MI Cement Factory Ltd has approved formation of three subsidiary companies -- Ocean Voyager Shipping Lines, Ocean Victory Shipping Lines and Ocean Vision Shipping Lines.
- The board of directors of the company has also okayed transfer of the three mother vessels owned by the MI Cement to its three fully owned subsidiary companies, according to an official disclosure on Wednesday.
- At the moment, the performance and profit and loss from shipping operations is getting merged into the core business of cement, said the disclosure.
- Therefore, it is imperative that the three mother vessels may be transferred to MI Cement's three separate fully owned subsidiaries companies, -- Ocean Voyager Shipping Lines, Ocean Victory Shipping Lines and Ocean Vision Shipping Lines at a valuation of BDT 568.50 mn, BDT 384.60 mn and BDT 706.10 mn respectively.
- All these companies are providing dedicated service to the mother company to sustain its operations. In this regard, the companies maintaining current accounts with sister concerns or associate companies against the goods or services received from sister concerns or associate companies, the disclosure added.

<https://thefinancialexpress.com.bd/stock/mi-cement-to-form-three-subsiidiary-cos-1573707506>

Economy and Industry

BDT 100cr more NBFI loans become defaulted in Q2

New Age, November 14, 2019

- The amount of defaulted loans in the non-bank financial institutions increased further by BDT 100 crore to BDT 7,320 crore in the second quarter (April-June) of 2019 from BDT 7,220 crore in the January-March quarter, reflecting more deterioration of the sector that witnessed massive irregularities.
- Earlier, the non-performing loans of People's Leasing and Financial Services (PLFS) Limited was included in calculating NPLs in the NBFI sector. But, the Bangladesh Bank excluded the figure from its latest report as the liquidation of PLFS was underway as its 70 per cent loans turned defaulted.
- Out of the PLFS' BDT 1,131 crore disbursed loans, BDT 748 crore had become defaulted, as per the BB data. If the figure was included, the amount of defaulted loans in the NBFI sector would have been BDT 8,068 crore.
- Amid growing public distrust and series of scams in the financial sector, the outstanding loans and leases of NBFIs dropped to around BDT 66,545 crore at the end of June this year from around BDT 70,106 crore in the previous quarter.
- As per the BB's Financial Stability Assessment Report released last week, the amount of defaulted loans in the NBFI sector was 11 per cent of loans and advances, up 0.7 percentage points. The NPLs in the NBFI sector were 7.9 per cent and 10.3 per cent respectively in October-December and January-March quarters respectively.

- In January-March of 2019, the amount of defaulted loans in the NBFI sector rose by 32.3 per cent to BDT 7,220 crore from BDT 5,460 crore in the October-December quarter of 2018, according to the BB's Financial Stability Assessment Report for the period of January-March this year.

<http://www.newagebd.net/article/90550/BDT-100cr-more-nbfi-loans-become-defaulted-in-q2>

International

Growth in global oil demand to slow from 2025: IEA

The Daily Star, November 14, 2019

- Growth in global oil demand is expected to slow from 2025 as fuel efficiency improves and the use of electric vehicles increases, but consumption is unlikely to peak in the next two decades, the International Energy Agency said on Wednesday.
- The Paris-based IEA, which advises Western governments on energy policy, said in its annual World Energy Outlook for the period to 2040 that demand growth would continue to increase even though there would be a marked slowdown in the 2030s. The agency's central scenario - which incorporates existing energy policies and announced targets - is for demand for oil to rise by around 1 mn barrels per day (bpd) on average every year to 2025, from 97 mn bpd in 2018.
- Demand is then seen increasing by 0.1 mn bpd a year on average during the 2030s to reach 106 mn bpd in 2040.
- This year, the IEA renamed its main scenario "Stated Policies", instead of "New Policies", to clarify that it reflects current policies. It is one of three scenarios used to show how energy demand could evolve over the next two decades.

<https://www.thedailystar.net/business/global-business/news/growth-global-oil-demand-slow-2025-iea-1826914>

Chinese takeover marks new chapter in history of British Steel

The Daily Star, November 14, 2019

- A Chinese buy-out marks a new chapter in the tumultuous history of steelmaking in the United Kingdom, which has been characterised by nationalisation, privatisations and recurring crises.
- Despite having an economy dominated by the services sector, steelmaking retains a special place in British hearts, where it is an enduring symbol of a bygone golden industrial age.
- That explains the huge interest in Monday's announcement of a buy-out of British Steel by China's Jingye, which made national headlines even with an election campaign in full swing.
- The takeover should be a breath of fresh air for some 4,000 British Steel employees, most of whom work at the Scunthorpe site in northern England.
- Professional body UK Steel called it "positive news for British Steel and its workers", assessing it would go towards "delivering a sustainable future" for the industry.

- Jingye for its part has promised to invest 1.2 bn (1.4 bn euros, USD1.5 bn) over the next decade, without elaborating on how it will turn around the loss-making firm.
- British Steel has its roots as far back as the Industrial Revolution but took shape in 1967 when the Labour government nationalised the industry, which at the time employed nearly 270,000 people.
- The 1980s were painful, as global demand declined and steel plants turned loss-making. A series of strikes saw the Conservative government under the “Iron Lady” Margaret Thatcher privatise the firm in 1988.

<https://www.thedailystar.net/business/news/alibabas-singles-day-sales-hit-record-38b-1826524>

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