

Stock Market

Dhaka stocks gain for 3rd day on financial scrips

New Age, February 18, 2019

- Dhaka stocks increased for the third day on Sunday as investors went for bargain hunting targeting financial scrips after a recent fall in the share prices of banks and non-bank financial institutions. DSEX, the key index of Dhaka Stock Exchange, added 0.44 %, or 25.53 points, to close at 5,775.82 points on Sunday. The index gained 44 points in last three trading sessions.
- The average share prices of bank sector advanced by 1.35 % and that of NBFI sector by 0.30 %. Out of the 30 traded bank scrips, 25 advanced, just three declined and two remained unchanged. Banks will declare dividends and annual earnings soon, market operators said. Share prices of Bangladesh Submarine Cable Company soared by 9.4 % — the maximum allowed for the company on the day— and the surge contributed 4 points to the market gain on the day.
- Share prices of engineering and textile sectors also advanced on the day. The average share prices of general insurance dropped by 1.18 % and life insurance by 0.70 % after their surge in last couple of days. Share prices of miscellaneous, pharmaceuticals and cement also dropped on Sunday.
- Share prices of JMI Syringes & Medical Devices plunged by 5.16 % after the company decided to sell its 1.11 crore ordinary shares to NIPRO Corporation, Osaka, Japan at an issue price of BDT 164.10 per share, which is much lower than the current market price. Share prices of JMI Syringes closed at BDT 366 per share on Sunday.
- Meghna Pet Industries, Meghna Condensed Milk Industries, Imam Button and Savar Refractories found no buyer for the third day as DSE on February 12 decided to delist the four dud companies and send them to the over-the-counter market. The turnover on DSE dropped to BDT 725.49 crore on Sunday compared with that of BDT 932.37 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Sunday, 138 advanced, 173 declined and 36 remained unchanged. DSE blue-chip index DS30 also gained 0.28 %, or 5.65 points, to close at 2,004.74 points. Shariah index DSES added 0.25 %, or 3.32 points, to finish at 1,314.77 points.
- Bangladesh Submarine Cable Company led the turnover leaders with its shares worth BDT 75.02 crore changing hands on the day. S Alam Cold Rolled Steels gained the most on the day with a 9.93-% increase in its share prices while Meghna Condensed Milk Industries was the worst loser, shedding 9.95 %.

<http://www.newagebd.net/article/65133/dhaka-stocks-gain-for-3rd-day-on-financial-scrips>

MI to sell 11.10m shares to NIPRO at BDT 164.10 each

The Financial Express, February 17, 2019

- JMI Syringes & Medical Devices has decided to sell per share at BDT 164.10 to NIPRO Corporation of Japan, including BDT 154.10 as a premium. The decision was taken at an extra-ordinary general meeting (EGM) held on Saturday, according to an official disclosure on Sunday
- The JMI will issue total 11.10 mn ordinary shares total amounting more than BDT 1.82 bn subject to consent of the Bangladesh Securities and Exchange Commission (BSEC) and other relevant regulatory bodies. Earlier, on January 03, this year, Japanese company NIPRO showed 'keen' interest to subscribe 11.10 mn shares in the JMI Syringes, a listed company.
- The JMI Syringes' paid-up capital will be raised through issuing 11,100,000 ordinary shares. JMI Syringes has also resolved that the proceeds of proposed capital raising will be used for the purposes of project expansion, repayment of bank liabilities, working capital and expenses of capital raising requirement, said the disclosure

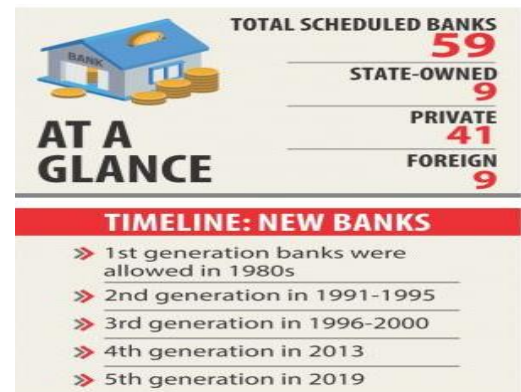
- Since its foundation in 1954, the NIPRO Corporation has expanded the scope of its business from gall materials to medical devices and pharmaceutical products in pursuit of technological innovation, according to NIPRO's website. JMI Syringes, an 'A' category company, was listed with the country's stock exchanges in 2013.
- The company's sponsor-directors hold 49.31 % shares, institutes 7.70 %, foreign shareholders 11.82 % and general public 31.17 % as of January 31, 2019. The company's share price closed at BDT 384 each on Thursday last. Its share traded between BDT 174.40 and BDT 500.10 each in the last one year.

<http://thefinancialexpress.com.bd/stock/jmi-to-sell-1110m-shares-to-nipro-at-BDT-16410-each-1550384609>

3 new banks get nod amid outcry

The Daily Star, February 18, 2019

- The central bank yesterday gave nod to three new banks -- at a time when the sector is saturated and stressed for rising nonperforming loans and declining corporate governance. Bengal Bank, People's Bank and Citizen Bank will soon set up shop, taking the total number of banks to 62.
- But the new banks will have to pull up paid-up capital of BDT 500 crore each, which is BDT 100 crore more than what the last batch of new entrants had to cough up in 2013.
- Earlier in 2013, the Bangladesh Bank provided licences to nine banks and many of their sponsors have direct links either with the AL or its allies. The health of the nine new banks also deteriorated in recent times. Of those, Farmers Bank and NRB Commercial Bank are in a bad state in the absence of corporate governance and default loans.
- Last year, the BB had turned down the proposals for licences to new banks despite pressure from the finance ministry. At the end of September last year, total non-performing loans stood at BDT 99,370 crore, which was 11.45 % of all outstanding loans.



<https://www.thedailystar.net/business/banking/news/3-new-banks-get-nod-amid-outcry-1703755>

Shasha Denims to acquire 80pc stakes in EOS Textile

The Financial Express, February 17, 2019

- Shasha Denims has decided to acquire 80 % stakes in EOS Textile Mills instead of earlier decision of 40 % shares at a value of US\$ 12 mn (BDT 1,014 mn). EOS Textiles Mills, a 100 % export Oriented textile company established on 8th June, 1998 by Italian Investors located at Savar.
- Shasha Denims has already paid BDT 300 mn from IPO fund. Rest of the amount will be paid from its cash flow after getting approval from Bangladesh Bank, said a disclosure posted on the Dhaka Stock Exchange (DSE) website on Sunday. Earlier on February 25, 2018, the company declared to acquire 40 % stake of EOS Textiles Mills worth approximately BDT 480 mn.
- Shasha Denims, a sister concern of Shasha Group, one of the leading denim producers in Bangladesh, raised BDT 1.75 bn through IPO in 2014 for a major expansion and improve the quality of denim fabrics by installing modern machinery with the IPO funds.

- The company floated 50 mn ordinary shares at an offer price of BDT 35, including as a premium of BDT 25 for each BDT 10 share. Each share of Shasha Denim, which was listed on the Dhaka bourse in 2015, closed at BDT 54.80 on Thursday on the Dhaka bourse.
- The company's consolidated earnings per share (EPS) stood at BDT 0.43 for October-December 2018 as against BDT 1.18 for October-December 2017. The company said EPS decreased compared to the same period of previous year due to significant increase in the raw material consumption cost per unit and the financial expense of the company. In six months for July-December 2018, consolidated EPS was BDT 2.14 as against BDT 2.25 for July-December 2017.
- The consolidated net operating cash flow per share (NOCFPS) was BDT 1.52 for July-December 2018 as against BDT 0.31 for July-December 2017. The consolidated net asset value (NAV) per share was BDT 47.17 as on December 31, 2018 and BDT 46.44 as on June 30, 2018. The company disbursed 15 % cash and 7.0 % stock dividend in 2018.

<http://thefinancialexpress.com.bd/stock/shasha-denims-to-acquire-80pc-stakes-in-eos-textile-1550384349>

IPO subscription of New Line Clothings begins Monday

The company set to raise BDT 300m through IPO

The Financial Express, February 17, 2019

- The subscription of initial public offering (IPO) of New Line Clothings will begin Monday. Through the IPO, the company will raise a fund worth BDT 300 mn (30 crore) from the capital market under the fixed price method. The public subscription will continue until February 28.
- The securities regulator -- Bangladesh Securities and Exchange Commission (BSEC) -- approved the company's IPO proposal on November 28, 2018. As per the securities regulator's approval, the company will offload 30 mn ordinary shares at an offer price of BDT 10 each to raise the said amount under the fixed price method.
- A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO. For non-resident Bangladeshi (NRB) and foreign applicants, the required amount (per lot) for subscription is US\$ 60.10 or GBP 46.09 or EUR 53.05, according to the Dhaka Stock Exchange (DSE).
- The company will use the IPO fund for acquisition of plant & machinery (39.23 %), extension of factory building (25.44 %), partial loan repayment (30 %) and meeting IPO expenses (5.31 %), according to the IPO prospectus. As per the entity's audited financial statement for the year ended on June 30, 2017, the company's net asset value (NAV) per share and weighted average earnings per share (EPS) were BDT 20.51 (without revaluation) and BDT 1.85 respectively.
- The company's pre-IPO paid-up capital is BDT 399 mn and authorised capital is BDT 1.0 bn. Banco Finance and Investment Ltd, Shandhani Life Finance Ltd and Southeast Bank Capital Services Ltd act as the issue managers for the IPO process. At present, 53 textiles and garment companies are listed with the Dhaka Stock Exchange (DSE), accounting for about 4.0 % of the DSE market capitalisation.

<http://thefinancialexpress.com.bd/stock/ipo-subscription-of-new-line-clothings-begins-monday-1550378898>

Economy

Bangladesh Bank approves three new banks

Dhaka Tribune, February 17, 2019

- Bangladesh Bank on Sunday approved three new commercial banks, bringing the number of scheduled banks in the country at 62. The banks are Bengal Commercial Bank, People's Bank and Citizen Bank. The paid-up capital for each of the approved banks has been set at BDT500 crore, up by BDT100 crore applicable to other commercial banks.
- The decision to issue Letters of Intent (LoI) was taken at a board of directors meeting at the Bangladesh Bank headquarters. The Bangladesh Bank Governor Fazle Kabir presided over the meeting.
- On October 29, last year the central bank approved Community Bank Bangladesh and had also sent back proposals for three proposed banks due to lack of adequate documents to be for licenses. Bangladesh Police Welfare Trust owns the Community Bank Bangladesh.

<https://www.dhakatribune.com/business/2019/02/17/bangladesh-bank-approves-three-new-banks>

Nitol Niloy gets final licence today

The Daily Star, February 18, 2019

- Nitol Niloy Group is all set to receive the final licence from Bangladesh Economic Zones Authority (Beza) today to establish Kishoreganj Economic Zone. The Bangladeshi business entity will set up a pickup assembly plant at a cost of BDT 300 crore inside the 84-acre land.
- Nitol Motors started assembling Tata buses and trucks in 1991 and has been a partner of Tata Motors since 1988. Now, Nitol Motors is the largest distributor of Tata Motors in South Asia and the most dominant player in Bangladesh's commercial vehicle market having over 40 % of the market share.
- According to Nitol Motors, it accounts for over two-thirds of the pickup truck market in the country and it has been growing at a double-digit rate for the past five years. Nitol-Niloy Group has a diversified profile with exposure to assembling of vehicles, bus body making, after sales support, transport and aviation services, financial institutions, manufacturing industries, real state, properties development and sports promotion.

<https://www.thedailystar.net/business/news/nitil-niloy-gets-final-licence-today-1703740>

Development budget to be revised upwards

The Daily Star, February 18, 2019

- In a departure from previous years, the development budget for the current fiscal year is likely to be revised upwards -- by about 11 % -- to meet the government's ambitious plans. The planning ministry has drafted a revised Annual Development Programme (ADP) allocation of BDT 200,546 crore. The original ADP allocation for fiscal 2018-19 is BDT 180,869 crore.
- The draft was placed yesterday at the ADP review meeting chaired by Planning Minister MA Mannan at the National Economic Council office in Dhaka. No final call was made on the revised ADP at the meeting.

ALLOCATION OF FUNDS IN PROPOSED ADP FOR 2018-19				
(In crore taka)				
	ORIGINAL	REVISED	CHANGE	IN %
Govt-owned fund	113,000	141,734	+ 287,34	+25.43
Foreign fund	60,000	51,000	- 9,000	-15
State-owned fund	7,869	7,811	- 57.26	-0.73
SOURCE: PLANNING MINISTRY				

The status of ADP implementation was reviewed in the meeting, he said, adding that a decision will be taken in the next one month.

- Some 35 ministries and divisions have demanded BDT 36,000 crore of additional allocation from the government's own fund. The road transport and highways division demanded the highest amount at BDT 5,797 crore despite being one of the poor performers this fiscal year when it comes to ADP implementation.
- The average ADP spending in the first seven months of the fiscal year was 34.43 %, but the road transport and highways division managed only 25.57 %. The other ministries that demanded higher allocation include: the local government division (BDT 4,069 crore), the power division (BDT 3,819 crore), the water resources ministry (BDT 2,624 crore), the election commission secretariat (BDT 2,456 crore), the housing and public works ministry (BDT 2,296 crore), and the prime minister's office (BDT 2,246 crore).
- On the other hand, 23 ministries and divisions proposed for cuts amounting to BDT 7,200 crore. Of them, two are implementing mega projects and are running behind schedule.

<https://www.thedailystar.net/business/news/development-budget-be-revised-upwards-1703749>

International

India raises import duty on Pakistani goods to 200pc

New Age, February 18, 2019

- India on Saturday raised the customs duty to 200 % on all goods imported from Pakistan following the Pulwama car bombing that killed 44 Indian paramilitary police, reports Business Standard. Pakistan's exports, including fresh fruits, cement, petroleum products and mineral ore, stood at \$488.5 mn (around Rs 3,482.3 crore) in 2017-18.
- The two main items imported from Pakistan are fruits and cement, on which the current customs duty is 30-50 % and 7.5 %, respectively. Slapping an import duty of 200 % effectively means almost banning the imports from Pakistan, official sources said.
- India on Friday revoked the MFN status to Pakistan in the aftermath of the Pulwama attack. The country invoked a security exception clause of the World Trade Organisation (WTO) to withdraw this status. Both the countries are member of this organisation. India can also restrict trade of certain goods and impose port-related restrictions on Pakistani goods.
- Items which Pakistan exports to India include fresh fruits, cement, petroleum products, bulk minerals and ores, finished leather, processed minerals, inorganic chemicals, cotton raw, spices, wool, rubber product, alcoholic beverages, medical instruments, marine goods, plastic, dyes and sport goods.
- India granted the MFN status to Pakistan way back in 1996, but the neighbouring country had not reciprocated. Under the MFN pact, a WTO member country is obliged to treat the other trading nation in a non-discriminatory manner, especially with regard to customs duty and other levies.
- In 2012, Pakistan had committed to giving the MFN status to India but retracted later due to domestic opposition. Instead of MFN, Pakistan said it was working on granting Non-Discriminatory Market Access (NDMA) status to India but that also was not announced.
- Total India-Pakistan trade has increased marginally to \$ 2.41 bn in 2017-18 as against \$ 2.27 bn in 2016-17. India imported goods worth \$ 488.5 mn in 2017-18 and exported goods worth \$ 1.92 bn. During April-October 2018-19, India's exports to Pakistan stood at \$ 1.18 bn, while imports were \$ 338.66 bn. India mainly exports raw cotton, cotton yarn, chemicals, plastics, manmade yarn and dyes to Pakistan.

<http://www.newagebd.net/article/65136/india-raises-import-duty-on-pakistani-goods-to-200pc>

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, tusharbd@bloomberg.net

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com, shohidulbd@bloomberg.net

Tanzin Naher
Research Associate

tanzin@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (7th Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
Fax: +88-02-9567884

Modhumita Extension Office

158-160 Modhumita Building
(5th Floor)
Motijheel C/A, Dhaka-1000
Phone: +88-01819118893

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-8624874-5

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06,
Block-C
Mirpur, Dhaka - 1216
Phone: +88-02-9013841

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-
1230
Phone: +88-02-8958371

Banani Branch

Nur Empori, Plot # 77 (1st
Floor), Road No # 11,
Banani,
Dhaka-1213
Phone: +8801716180767

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

For International Trade & Sales, please contact **Mr. Sumon Das, Chief Executive Officer**. Please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour.

For further query, write to us at research@basl-bd.com.