

Stock Market & Company

Dhaka stocks inch up after 3-day fall

New Age, November 18, 2019

- Dhaka stocks inched up on Sunday, ending a three-day fall as some investors went for bargain hunting while many others remained cautious amid poor financial disclosures. DSEX, the key index of Dhaka Stock Exchange, gained 0.14 per cent, or 7.08 points, to close at 4,717.39 points on Sunday after losing 70 points in the previous three sessions.
- The market gained slightly on Sunday as most of the investors hesitated to make any investment decision before getting any sign of respite from the relentless fall in share prices, market operators said.
- Turnover on the bourse increased to BDT 363.68 crore on Sunday from BDT 319.09 crore in the previous day. Out of the 350 scrips traded on the day, 124 declined, 167 advanced and 57 remained unchanged.
- National Tubes led the turnover chart with its shares worth BDT 15.17 crore changing hands on the day. Bangladesh Submarine Cable Company, Sonar Bangla Insurance, LankaBangla Finance, Standard Ceramics, Wata Chemical, National Polymer, Global Insurance and Shurwid Industries were the other turnover leaders.
- BD Autocars gained the most on the day with a 9.98-per cent increase in its share prices while Far East Knitting & Dyeing Industries performed the worst, losing 13.82 per cent.

<http://www.newagebd.net/article/90942/dhaka-stocks-inch-up-after-3-day-fall>

BSEC stops Shepherd Industries' buying of 'suspicious co'

New Age, November 18, 2019

- The capital market regulator, Bangladesh Securities and Exchange Commission, has put a stop to Shepherd Industries Limited's buying shares of the newly formed Shepherd Jeans for BDT 15.50 crore on finding the transaction suspicious. The BSEC issued a directive on November 14 in this regard asking Shepherd Industries to refrain from the transfer of its assets to the newly incorporated private company, Shepherd Jeans. The BSEC found that Shepherd Jeans was incorporated on April 9, 2019 as a private limited company.
- On October 24, 2019, the board of directors of Shepherd Industries decided to buy 15,500 shares of Shepherd Jeans at BDT 10 per share with assets —land, factory building and machineries — valued at BDT 15.5 crore.
- However, the commission observed that the company did not undertake valuation of the Shepherd Jeans assets as per the securities rules. Moreover, Shepherd Jeans was yet to obtain its taxpayers' identification number, trade licence, import registration certificate, export registration certificate, bonded warehouse licence, VAT registration number, BGMEA membership number, EPB licence, fire licence number and environment clearance certificate.
- The market regulator also found that the registered office and factory address of the both Shepherd Industries and Shepherd Jeans were the same. There were only two directors at Shepherd Jeans, who were also the chairman and managing director of Shepherd Industries.

<http://www.newagebd.net/article/90944/bsec-stops-shepherd-industries-buying-of-suspicious-co>

Premier Cement takes up BDT 1,300cr expansion despite industry glut

The Daily Star, November 18, 2019

- An unhealthy competition plagues Bangladesh's cement sector for a 43 percent overcapacity but this seems to have done little to dissuade Premier Cement from realising plans of doubling its annual production by next March.
- "We have constructed two more units in Narayanganj and Chattogram involving BDT 1,300 crore," the company's managing director, Mohammed Amirul Haque, said during a conversation with The Daily Star recently. He said to have taken up the expansion plans way back in 2017 foreseeing demand taking the lead within 2021. The promise comes from the past, with demand continually growing for eight years by around 15.6 percent on the back of government plans on implementing mega projects. The new units are up and ready for trial runs, he said, adding that its Dhaka Stock Exchange disclosure would come following an annual general meeting in this fiscal year's third quarter.
- The Narayanganj unit is taking up BDT 800 crore and the Chattogram one the rest. Standard Chartered Bank, Pubali Bank and City Bank provided 70pc of the cost as loan while a Danish bank another USD35 mn or BDT 280 crore for purchase of capital machinery.
- Haque claims their expansion in annual output from 2.4 to 5.2 mn tonnes would be a record for a single entity in the country. Vertical roller mills, which can generate extremely fine powder using 20 percent less power, of Danish entity FLSmidth will be used to attain production rates of 460 and 270 tonnes per hour for the units in Narayanganj and Chattogram respectively.
- Haque said despite the sector's challenges, such as the need for all raw materials to be imported, Premier Cement has always been in profit, providing handsome dividends to shareholders. He even claimed that his brand accounted for around 25 percent of Bangladesh's cement export to India.
- There are 37 active cement factories in Bangladesh which invested over BDT 30,000 crore to attain a combined annual production capacity of 58 mn tonnes against a demand of 33 mn tonnes. According to Bangladesh Cement Manufacturers Association, local companies dominate the market where annual sales have reached USD3 bn, or BDT 25, 500 crore.

<https://www.thedailystar.net/business/news/premier-cement-takes-BDT-1300cr-expansion-despite-industry-glut-1828651>

Economy and Industry

Defaulters get more time to apply for the facility

New Age, November 18, 2019

- The Bangladesh Bank on Sunday extended the application submission deadline for granting loan defaulters special loan rescheduling and one-time exit facility by another 90 days. A BB circular issued on the day said that it had extended the deadline following a High Court order issued on November 3 this year. The extended timeframe began on Sunday, the BB circular said.

- Under the special rescheduling policy that was introduced on May 16 this year, defaulters are allowed to enjoy a 10-year loan repayment tenure including a one-year grace period by paying only 2 per cent of their loans as down payment.
- Initially the defaulters were given 90 days for filing applications to avail the scope but the deadline has been extended for several times.
- Under the BB's new circular, banks would be allowed to issue fresh loans to the beneficiaries of the loan rescheduling under special policy if the beneficiaries pay 15 per cent of their loans as down payment for loan rescheduling. However, banks are barred from issuing fresh loans to the borrowers who would receive special rescheduling scope by paying 2 per cent of their loans as down payment.
- Apart from the rescheduling for 10 years, the BB will also allow settlement of defaulted loans under 'One Time Exit' scheme that allows the defaulters to enjoy interest waiver for the preceding period of loan settlement.
- However, the borrowers are supposed to clear the entire loan amount within 360 days without any grace period to avail the one time exit scheme. The BB circular also allowed banks to grant rescheduling facility to the garments and textile entities without conducting special audit in the entities.
- The country's banking sector has been mired in a series of scams and irregularities that took the amount of defaulted loans in banks to BDT 1,12,425.17 crore as of June this year. If the figures of written-off loans and loans involving court orders were counted, the default loan figure would have reached BDT 2.2 lakh crore.

<http://www.newagebd.net/article/90938/defaulters-get-more-time-to-apply-for-the-facility>

Earnings of many textile cos down

10 downgraded to 'Z' category, shares of 16 dip below face value

The Financial Express, November 17, 2019

- The EPS (earnings per share) of majority number of listed textile companies declined while some eight others incurred loss in the last fiscal year (FY) compared to previous FY. On the other hand, some 10 companies were downgraded to 'Z' category in different times for not recommending dividend or not holding annual general meeting (AGM).
- In another development, shares of 16 companies dipped below their face value on the stock exchanges following investors' less participation. Many listed textile companies failed to perform as per investors' expectation despite the country's RMG sector posted over 11 per cent growth in exports in the FY 2019.
- According to market insiders, many textile companies are selling items at prices lower than the production costs. Asif Moyeen, managing director of Far East Knitting & Dyeing Industries, said the profits of textile companies are continuously declining due to the competition of manufacturing products at lowest prices.
- "The export volume increased but the profit declined following the price war among the companies for manufacturing goods at the lowest price. It's the reality of the overall sector," Mr. Moyeen said while stressing on fair prices for long term sustainability of the industry.
- The textile sector is the biggest sector of the capital market in terms of the number of companies. Out of 55 companies, 44 so far disclosed their financial statements for the year ended on June 30, 2019. Only 14 companies witnessed rise in EPS in the last FY compared to previous year.

- The companies which witnessed rise in EPS are Apex Spinning & Knitting Mills, Envoy Textile, Evince Textiles, HR Textile, Hwa Well Textiles (BD), Kattali Textile, Metro Spinning, Pacific Denims, Queen South Textile Mills, Saiham Cotton Mills, Simtex Industries, Sonargaon Textiles, Stylecraft and VFS Thread Dyeing.

<https://thefinancialexpress.com.bd/stock/bangladesh/earnings-of-many-textile-cos-down-1573965561>

SEZ units get wider scope for bringing overseas funds

New Age, November 18, 2019

- The Bangladesh Bank on Sunday widened the scope for bringing funds from abroad for the enterprises which are operating in different specialised economic zones in the country.
- A BB circular issued on the day said that it was observed that eligible enterprises operating in different specialised economic zones like export processing zones, economic zones and hi-tech parks received inward remittances other than foreign equity, authorised foreign loans and export proceeds.
- In order to enhance scope of operation, the BB allowed authorised dealers of banks to credit the entities' accounts with legitimate receipts against small, quality and insurance claims, freight charge of sample, reimbursement of expenses for samples from the buyers or partners, it said.
- The BB, however, asked banks to check due diligence in compliance with know-your-customer, anti-money laundering or combating financing of terrorism.

<http://www.newagebd.net/article/90943/sez-units-get-wider-scope-for-bringing-overseas-funds>

International

Aramco declares USD1.71tr valuation in blockbuster IPO

The Daily Star, November 18, 2019

- Saudi Arabia on Sunday put a value of up to USD1.71 trillion on energy giant Aramco in what could be the world's biggest IPO, but missed Crown Prince Mohammed bin Salman's initial target of USD2 trillion.
- Aramco said it would sell 1.5 percent of the company in a blockbuster initial public offering worth USD24-25.6 bn, scaling down Saudi Arabia's initial plan to sell up to five percent of the firm.
- "The base offer size will be 1.5 percent of the company's outstanding shares," the state-owned energy giant said as it began taking bids from investors in a price range of 30-32 Saudi riyals per share (USD8-8.5).
- The much-delayed offering, a cornerstone of Prince Mohammed's ambitious plan to diversify the oil-reliant economy, rivals the world's biggest listing -- the USD25 bn float of Chinese retail giant Alibaba in 2014.
- Aramco had initially been expected to list on two exchanges, with a first flotation of two percent on the kingdom's Tadawul bourse, followed by a further three percent on an overseas exchange.
- The IPO has been dogged by delays since the idea was first announced in 2016, with Prince Mohammed's desired valuation of USD2 trillion meeting with scepticism from investors and analysts.

<https://www.thedailystar.net/business/news/aramco-declares-171tr-valuation-blockbuster-ipo-1828597>

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