

Key News

- ✓ [Stocks fall for 7th day amid volatility](#)
- ✓ [BSEC comes up with package to salvage Bangladesh's stock market](#)
- ✓ [DBH gets nod to issue Tk 300 crore zero coupon bond](#)
- ✓ [IFC invests \\$22.7m in Hamza Textiles](#)
- ✓ [Brokers, merchant bankers to be allowed to issue bond](#)
- ✓ [BD Lamps returns to profit after pandemic gloom](#)
- ✓ [Mobil Jamuna Lubricants declares higher dividend as profit surges](#)
- ✓ [HC allows merger of Emirates Cement and Power with HeidelbergCement](#)
- ✓ [Govt plans to create Tk 8.5b revolving fund for capital market](#)
- ✓ [Govt goes slow on \\$3b IMF loan offer](#)
- ✓ [Challenges abound as Tata draws up a flight plan for Air India](#)

Stock Market & Company

Stocks fall for 7th day amid volatility

Newage, October 18, 2021

- Dhaka stocks slumped on Tuesday, extending the losing streak to the seventh session as investors, unnerved by rumours amid market volatility, went for selling shares in late trading. DSEX, the key index of the Dhaka Stock Exchange, lost 1.08 per cent, or 76.66 points, to close at 7,020.61 points on Tuesday.
- The market had gained around 90 points within 15 minutes of Tuesday's session and maintained the positive vibe for the first three hours as a section of investors went for bargain hunting, market operators said. There was a rumour on the market that Bangladesh Securities and Exchange Commission chairman Shibly Rubayat-UI-Islam would resign from his post, they said.
- British American Tobacco Company, Beximco Pharmaceuticals, BEXIMCO and Grameenphone plunged on Tuesday. Turnover on the DSE advanced to Tk 1,682.85 crore on Tuesday from Tk 1,393.83 crore in the previous session. Of the 374 scrips traded on the DSE on Tuesday, 254 declined, 35 advanced and 87 remained unchanged.
- DS30, a composition of 30 large capitalised companies, dropped by 0.84 per cent, or 22.5 points, to close at 2,656.05 points on Tuesday. Shariah index DSES shed 1.32 per cent, or 20.25 points, to settle at 1,504.92 points.
- DSMEX Index, an index of the SME platform, slid by 4.86 per cent, or 34.85 points, to close at 681.6 points on Tuesday. The index soared to 1,185.86 points on its second day of its inception on October 3 but since then it has been declining.
- NRB Commercial Bank led the turnover chart with its shares worth Tk 104 crore changing hands on the day. Delta Life Insurance, IFIC Bank, Orion Pharmaceuticals, Fortune Shoes, BEXIMCO, LafargeHolcim Bangladesh, British American Tobacco Company, Sonali Paper and Genex Infosys were the other turnover leaders on the day.

<https://www.newagebd.net/article/152225/stocks-fall-for-7th-day-amid-volatility>

BSEC comes up with package to salvage Bangladesh's stock market

The Financial Express, October 20, 2021

- The securities regulator steps in with a set of measures, including funnelling special funds to enhance liquidity flow into the stock market, to salvage it from an ongoing freefall. Officials said the Bangladesh Securities and Exchange Commission (BSEC) decided to pave the way for reinvestment of the market- stabilisation fund worth Tk 9.0 billion, formed after the 2010-11 stock- market crash.
- The regulatory move comes following continuous correction which forced the broad index of Dhaka Stock Exchange (DSE) to lose 347.37 points in last seven sessions in a row.
- As per the decisions taken Tuesday, the securities regulator would disburse the Tk 9.0 billion worth of market-stabilisation fund to the market operators to enhance liquidity flow. After the 2010-11 stock-market debacle, the government disbursed funds for the special fund in three installments.
- As per another decision, the market operators would be facilitated to issue corporate bonds for increasing liquidity flow in the bourse, which slipped on the slope after reaching recent record highs.
- On February 10, 2020, the banks were allowed to create the special fund worth Tk 2.0 billion each only for investment in the capital market.



<https://thefinancialexpress.com.bd/stock/bsec-comes-up-with-package-to-salvage-bangladeshs-stock-market-1634696327>

DBH gets nod to issue Tk 300 crore zero coupon bond

The Daily Star, October 19, 2021

- The Bangladesh Securities and Exchange Commission (BSEC) has approved a non-convertible zero coupon bond of Delta Brac Housing worth Tk 300 crore. The stock market regulator took this decision during a commission meeting held today.
- With a face value of Tk 300 crore, the bond will have an issue value of around Tk 263.24 crore, according to a press release from the BSEC. Its discount rate is 6 per cent and would be issued among banks, mutual funds, non-bank financial institutions, rural banks, eligible investors and corporations. With the bond proceeds, the non-bank financial institution would lend to the housing sector. The face value of each lot of the bond is Tk 40 lakh.
- IDLC Investments is its trustee and UCB Investments is its arranger.

<https://www.thedailystar.net/business/news/dbh-gets-nod-issue-tk-300-crore-zero-coupon-bond-2202211>

IFC invests \$22.7m in Hamza Textiles

Newage, October 19, 2021

- The International Finance Corporation has invested \$22.7 million in Hamza Textiles, a dyeing and finishing company owned by Dulal Brothers Limited (DBL Group), with an aim to improve the global competitiveness of Bangladesh's readymade garment (RMG) sector.
- The financing will help to build a new factory with advanced and resourceefficient technologies to respond to the evolving demands of consumers and create more than 900 direct jobs. The latest investment marks the IFC's second engagement with DBL Group.
- In 2013, the IFC provided \$10.5 million to Color City Limited, another one of DBL Group's dyeing and finishing companies. To date, the IFC has invested in five RMG manufacturing companies in Bangladesh and has provided more than \$90 million, largely in the form of debt financing.
- The new investment marks the IFC's first Covid support to the RMG sector and includes financing from the International Development Association's Private Sector Window (IDA-PSW), set up to catalyse investment in low-income and fragile countries.

<https://www.newagebd.net/article/152260/ifc-invests-227m-in-hamza-textiles>

Brokers, merchant bankers to be allowed to issue bond

The Daily Star, October 19, 2021

- The stock brokerage firms and merchant banks is going to be allowed to raise fund to invest in the stock market. The intermediaries will utilise the bond proceeds to invest in the stock market and provide margin loans.
- Mohammad Rezaul Karim, spokesperson of Bangladesh Securities and Exchange Commission (BSEC), ensured that the regulator will step forward to allow them in response to the request of the leading stock brokers and merchant banks.
- The BSEC passed a rule on the stabilisation fund in June that would be formed using the undistributed and unclaimed dividends of the listed companies. The aim is to use the funds to safeguard the interest of the stock market and general investors. The fund size would be around Tk 21,000 crore, according to the commission.
- "We recommended the stock brokers and merchant banks not to issue cash dividend. Rather they should reinvest their profits as they logged higher profits recently," Karim said. He said the market recently dropped due to profit taking tendency of the investors. "We hope the market would bounce back from Thursday."

<https://www.thedailystar.net/business/news/brokers-merchant-bankers-be-allowed-issue-bond-2202206>

BD Lamps returns to profit after pandemic gloom

The Business Standard, October 19, 2021

- Beating Covid-19 fallouts, electric bulbs manufacturer Bangladesh Lamps Limited has returned to profit due to a cut in finance cost and surge in other incomes from huge losses in the last fiscal year. The company has reported a Tk4.77 crore profit while its earnings per share (EPS) stood at Tk5.10 for the 2020-21 fiscal.
- On Tuesday, it disclosed its annual financials on both stock exchanges. According to the company, its board of directors has recommended a 20% cash dividend for shareholders. It had paid 10% cash dividends to its shareholders although it incurred losses.
- In the previous fiscal year, the company incurred a loss of Tk9.25 crore for covid-19 while the loss per share was Tk9.88. At that time, it had said it could not reach the forecasted revenue as it suffered losses because of operational cost, payrolls, rents, depreciation, and other expenditures during the period.
- As it recovered from the pandemic blow in FY21, the company said its profit significantly rose because of an increase in revenue and other income, and a cut in finance cost. As per information of the company, its revenue increased by 46%, net finance cost decreased by 57%, and its other income increased by 26%.

<https://www.tbsnews.net/economy/stocks/bd-lamps-returns-profit-after-pandemic-gloom-318352>

Mobil Jamuna Lubricants declares higher dividend as profit surges

The Business Standard, October 19, 2021

- Mobil Jamuna Lubricants (MJL) Bangladesh Limited, the country's largest lubricant company, has declared a 55% cash Mobil Jamuna Lubricants (MJL) Bangladesh Limited, the country's largest lubricant company, has declared a 55% cash dividend for the shareholders for FY21 as its profit surged 36%. In the previous fiscal year, the company paid a 45% cash dividend as its profit declined 6% due to the Covid-19 shock.
- The company's share price slightly increased during yesterday's trading session at the Dhaka Stock Exchange. At the end of day, its shares closed at Tk98.70. During the last fiscal year, its consolidated earnings per share stood at Tk7.53, which was Tk5.52 in the previous year.
- At the end of FY21, its consolidated net asset value per share was Tk39.69. The MJL are selling lubricant under multinational brand ExxonMobil and its own brand Omera. The company is also engaged in LPG business. They are selling gas cylinders across the country under the Omera brand.
- According to the company's financial statement, the overall business environment was nearly steady despite the pandemic. That is why the demand for its products increased in the last fiscal year compared to the previous fiscal. Currently, the company holds 26% share of the country's lubricant market, which is worth around Tk3,000 crore.

<https://www.tbsnews.net/economy/stocks/mobil-jamuna-lubricants-declares-higher-dividend-profit-surges-318328>

HC allows merger of Emirates Cement and Power with HeidelbergCement

The Business Standard, October 19, 2021

- HeidelbergCement Bangladesh Ltd has got a nod from the High Court for merger with Emirates Cements and Emirates Power. Emirates Cement Bangladesh Limited has an annual production capacity of 6.60 lakh tonnes and Emirates Power Company Limited has a capacity of 10 MW.
- Earlier, Heidelberg's shareholders approved the merger agenda in the extraordinary general meeting. Now, German-based multinational company, which manufactures cement under its popular brands - Scan Cement and Ruby Cement, has no further bar to amalgamation with the two companies.
- However, HeidelbergCement will later disclose what share will be included in its paid-up capital after the merger. Earlier, in 2019, Heidelberg bought all shares of the two companies from UltraTech Cement Middle East Investments Ltd at a total cost of Tk182.58 crore.
- HeidelbergCement earned Tk205 crore from Emirates Cement in the first three quarters of 2021. But as a non listed firm, Emirates Cement has to pay 30% corporate tax. After amalgamation, it will pay 22.50% tax.

<https://www.tbsnews.net/economy/stocks/hc-allows-merger-emirates-cement-and-power-heidelbergcement-318316>

Economy & Industry

Govt plans to create Tk 8.5b revolving fund for capital market

The Financial Express, October 20, 2021

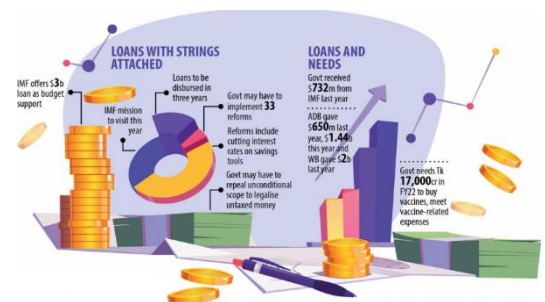
- The government has planned to create a Tk 8.5 billion revolving fund for five years to invest it in the capital market and utilise it during any crisis to keep the market stable. Sources at the finance ministry said the Bangladesh Security and Exchange Commission (BSEC) sent a proposal to the financial institution division this week, reports UNB.
- "The proposal will be placed before the higher authorities for the approval," said an official adding that the size of the revolving fund will be about Tk 8.5 billion and the term will be five years. "If there's any crisis in the capital market, money can be used from this fund. Investment Corporation of Bangladesh (ICB) will take care of the fund," the official said, wishing anonymity.
- In 2010, the capital market suffered a setback and went through depression as shares of most of the listed companies suffered record losses in their prices and the capital market took a decade to bounce back. Small investors lost their capitals and a large number of investors left the market losing huge money.

<https://thefinancialexpress.com.bd/stock/govt-plans-to-create-tk-85b-revolving-fund-for-capital-market-1634656019>

Govt goes slow on \$3b IMF loan offer

The Daily Star, October 19, 2021

- In a rare move, the government is not rushing into a \$3-billion loan offer from the International Monetary Fund (IMF) as Bangladesh has received a huge amount of budget support from multilateral lenders to fight the impacts of the coronavirus pandemic.
- Last month, the IMF informed the country that it could avail the new credit as budget support on the condition of implementing 33 reform programmes.
- The offer came after the board of the lender approved a general allocation of special drawing rights equivalent to \$650 billion on August 2 to boost global liquidity. About \$275 billion of the new allocation will go to emerging markets and developing countries.
- Bangladesh has already received a sizeable amount of foreign loans from major multilateral development partners since the onset of the pandemic to support the economy and buy coronavirus vaccines.



- Last week, Finance Minister AHM Mustafa Kamal told The Daily Star that the government would take a decision on the IMF offer after a meeting with the secretaries of the Economic Relations Division, the finance division and the planning ministry.
- The World Bank approved \$2 billion budget support in 2020 and extended \$600 million to the health ministry to buy coronavirus jabs and health-related equipment. It has assured Bangladesh of another \$250 million in assistance.

<https://www.thedailystar.net/business/economy/banks/news/govt-goes-slow-3b-imf-loan-offer-2201816>

International

Challenges abound as Tata draws up a flight plan for Air India

The Daily Star, October 20, 2021

- Tata Sons' \$2.4 billion purchase of debt-ridden, government-owned Air India will give the conglomerate immediate access to valuable flying rights and landing slots that will help it claw back market share from foreign rivals.
- But industry executives warn any success will be a long and complicated process that could cost it more than \$1 billion and require fixing myriad problems, including its worn-out fleet, poor service and the lack of a charismatic leader. Air India, with its maharajah mascot, was once renowned for its lavishly decorated planes and stellar service championed by the airline's founder, JRD Tata, India's first commercial pilot.
- But since the mid-2000s, its reputation has fallen as financial troubles mounted. It flew widebody planes with business class seats in poor repair and grounded some of its new Boeing Co 787 Dreamliners to use for spare parts. Customers faced many delays and staff and suppliers were not always paid on time, executives said. The ownership transfer from the government to Tata is expected to go through by the end of the year.
- The company will then have until summer 2022, when a post-Covid demand surge is expected, to fix the issues, the person added, estimating it would cost more than \$1 billion to refurbish Air India's 141 planes and up to \$300 million to retrain staff and improve operations and service. The figures do not include the purchase or lease of new aircraft. Tata and Air India declined to comment.
- Air India's biggest competitive advantage is its ability to fly non-stop to destinations like the United States and Europe, where it enjoys lucrative landing rights. Foreign hub carriers such as Emirates and Etihad Airways can only compete with one-stop options.

<https://www.thedailystar.net/business/global-economy/indian/news/challenges-abound-tata-draws-flight-plan-air-india>

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