

Stock Market

Weekly analysis: DSE, CSE eke out small gains

Daily average turnover dives 26pc on prime bourse

- Stocks posted a marginal gain last week that ended on Thursday, as smart investors collected shares despite growing political tensions in the run-up to the national election. Week-on-week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), rose 14.20 points or 0.27 % to settle the week at 5,265.
- The week saw four trading days instead of usual five days as the market remained closed on Sunday on the occasion of the Victory Day. In the first session, the index lost 33 points but gained about 47 points on the following three days. The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday extended the timeframe by another two years for keeping provision against unrealised losses in portfolios of stock dealers' and stock brokers' clients.
- The BSEC extended the timeframe up to December 31, 2020, which was scheduled to expire on December 31, 2018. The DSE Shariah Index saw a slight rise of 0.21 points, closing at 1,209. However, the DS30 index, comprising blue chips, ended 1.67 points lower at 1,842. The trading activities also fell sharply and the total turnover stood at BDT 15.09 bn last week, down from BDT 25.55 bn in the previous week.
- The daily turnover averaged out at BDT 3.77 bn, registering a decline of 26 % over the previous week's average of BDT 5.11 bn. Block trade contributed 5.2 % to the week's total turnover, with stocks like Renata, Confidence Cement, LafargeHolcim, Eastern Cables and Square Pharma dominating the block trade board.
- According to the International Leasing Securities, the securities regulator's move on margin accounts prompted investors to take position on undervalued issues. The stockbroker noted that the smart investors showed their buying interest in power, bank, telecom and food stocks at lucrative price levels.
- The power sector posted the highest gain of 1.68 %, followed by food (0.73 %), banking (0.40 %) and telecommunications (0.14 %). On the other hand, the engineering sector witnessed the highest correction of 0.31 %, followed by pharma (0.29 %) and financial institutions (0.17 %).
- The market capitalisation of the DSE also increased 0.30 % to BDT 3,809 bn, from BDT 3,798 bn in the week before. Of the 346 issues traded, 176 closed higher, 135 lower and 35 issues remained flat on the DSE trading floor. The port city bourse, Chittagong Stock Exchange (CSE), also inched higher, with its CSE All Share Price Index -- CASPI - advancing 13 points to settle at 16,138 and the Selective Categories Index -- CSCX - gaining 9.0 points to finish at 9,763.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-dse-cse-eke-out-small-gains-1545454875>

Anomalies in financial reports prevalent in stock market

Lax regulatory monitoring, accountability of listed cos blamed

New Age, December 22, 2018

- Anomalies in financial reports have become prevalent in the country's capital market due mainly to lack of regulatory monitoring, transparency and accountability of listed companies, market experts said. The panel of auditors designated by Bangladesh Securities and Exchange Commission revealed various anomalies in the financial statements of a good number of listed companies after auditing the companies' annual reports ending June 30, 2018.
- The auditors detected substantial business risks, defaulted loans, distortion and incapability of recovering due funds in the listed companies.

- The auditor of Power Grid Company Bangladesh stated that the carrying amount of property, plant and equipment was reported at BDT 11,512.06 crore where some items of PPE had been received from Bangladesh Power Development Board and Dhaka Power Distribution Company by Power Grid without conducting physical verification and valuation.
- Further, the company reported an amount of BDT 101.13 crore as inventories and most of them were not recorded in the books of account that indicated incomplete reporting in the financial statements. In addition, the company reported an amount of BDT 323.57 crore as receivable from transmission/wheeling and optical fibre charges.
- The auditor said that the amounts were increasing year by year and the company was very unlikely to recover the amounts in full. The auditor of Titas Gas Transmission and Distribution Company said the company overstated profit for the year ended June 30, 2018 by including gain made in the year of 2012.
- The auditor of Jamuna Oil Company Ltd mentioned that the company's trade receivables amounting to BDT 176.31 crore were carried forward in the financial statements. Out of which, BDT 13.46 crore, BDT 5.01 crore and BDT 0.58 crore have remained as receivables from Power Development Board, Bangladesh Chemical Industries Corporation and Chittagong City Corporation respectively for long and the amounts are yet to be realised.
- The board of directors of Standard Ceramics Industries recommended 2 % cash dividend despite having retained earnings of BDT 92.51 lakh negative, violating securities rules. The auditor of Meghna Petroleum Ltd stated that the immovable properties acquired from erstwhile Meghna Petroleum Marketing Company Limited and Padma Petroleum Limited had not yet been transferred in favour of the company, which might attract future legal complicity.

<http://www.newagebd.net/article/59478/anomalies-in-financial-reports-prevalent-in-stock-market>

Genex Infosys to allocate 20m ordinary shares

The company holds IPO lottery draw

The Financial Express, December 23, 2018

- Genex Infosys will allocate 20 mn ordinary shares among the successful applicants as the company's IPO lottery draw was held today (Thursday). The initial public offering (IPO) lottery draw was held at 10:30am at the Institution of Engineers, Bangladesh (IEB) in Dhaka.
- The result has already been published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and the company. Genex Infosys, an IT company, raised a fund worth BDT 200 mn from the capital market under the fixed price method by offloading 20 mn ordinary shares at an offer price of BDT 10 each.
- The IPO subscription of Genex Infosys was opened on November 18 and continued till November 29. The Bangladesh Securities and Exchange Commission (BSEC) approved the company's IPO proposal on September 4. The company's IPO oversubscribed by nearly 36 times as the company received BDT 7.15 bn against IPO issue of BDT 200 mn.
- The company will utilise the fund to expand call centre business, repay bank loan partially and bear the IPO expenses. The company's pre-IPO paid-up capital is BDT 616 mn and post-IPO paid-up capital will be BDT 816 mn. Its authorised capital is BDT 1.0 bn.
- Genex Infosys has a fully-owned (99.99 %) subsidiary company. That's why, the company's consolidated net asset value (NAV) stood at BDT 13.97 (without revaluation) and weighted average earning per share (EPS) and BDT 2.02 as of June 30, 2017. The Imperial Capital is working as the issue manager of the IPO. Currently, eight IT companies are listed with the Dhaka bourse and the IT sector accounts for less than 1.0 % of the DSE's total market capitalisation.

<http://thefinancialexpress.com.bd/stock/genex-infosys-to-allocate-20m-ordinary-shares-1545298278>

BSRM to invest BDT 390m in BSM Steel

The Financial Express, December 22, 2018

- The board of directors of Bangladesh Steel Re-Rolling Mills Ltd (BSRM) has decided to make equity investment of BDT 390 mn (approximately) in a new joint venture company. The name of the new joint venture company is BMS Steel Ltd, formed in Kenya along with investment partners from Mauritius and United Arab Emirates, said a disclosure posted on the Dhaka Stock Exchange website on Thursday.
- The equity investment of the BSRM is equivalent to US\$ 4.67 mn, representing 18 % in BMS Steel. The investment partners have operations in Kenya and other countries in Africa. BMS Steel will set up a manufacturing facility with total investment of about US\$ 65 mn to produce 0.40 mn metric tons MS Bars and sections per year. Bangladesh Steel Re-Rolling Mills was listed on the Dhaka bourse in 2015.
- The country's leading steel producers' share closed at BDT 76.30 on Wednesday at the DSE. The company disbursed 10 % cash and 10 % stock dividend for the year ended on June 30, 2018. In 2017, the company also paid 10 % cash and 10 % stock dividend. The company's unaudited consolidated earnings per share (EPS) stood at BDT 1.73 for July-September 2018 as against BDT 0.77 for July-September 2017.
- Consolidated net operating cash flow per share (NOCFPS) was BDT 20.30 in the negative for July-September 2018 as against BDT 39.24 in the negative for July-September 2017. Consolidated net asset value (NAV) per share was BDT 65.45 as on September 30, 2018 and BDT 63.70 as on June 30, 2018.

<http://thefinancialexpress.com.bd/stock/bsrm-to-invest-BDT-390m-in-bsm-steel-1545284170>

Titas Gas earns BDT 3.39b as net profit in FY 2017-18

The company approves 25pc cash dividend

The Financial Express, December 22, 2018

- The 37th annual general meeting (AGM) of Titas Gas Transmission & Distribution Company was held at the Officers' Club in Dhaka on Thursday. The shareholders of the state-run company approved 25 % cash dividend for the year 2017-18 and discussed other relevant issues at the meeting.
- In financial year (FY) 2017, the company disbursed 22 % cash dividend. Titas Gas has earned BDT 141.89 bn by selling 16,961.75 mn cubic metres of gas in the FY 2017-18, which is 13.06 % higher than the previous fiscal year, according to the press release.
- The state-run company has also reported a profit before tax of BDT 4.53 bn and a profit after tax of BDT 3.39 bn for FY 2017-18. The company has deposited more than BDT 5.58 bn to the government exchequer in the FY 2017-18.
- The company has also reported earnings per share (EPS) of BDT 3.43, net asset value (NAV) per share of BDT 67.28 and net operating cash flow per share (NOCFPS) of BDT 0.50 in the negative for the year ending on June 30, 2018 as against BDT 5.12, BDT 65.64 and BDT 4.07 respectively for the same period of the previous year.
- Each share of the company, which was listed on the Dhaka bourse in 2008, closed at BDT 36.10 on Thursday at the Dhaka Stock Exchange (DSE). In the last one year, the company's share price hovered between BDT 35.80 and BDT 45.50. The company's paid-up capital is BDT 9.89 bn and authorised capital is BDT 20 bn, while the total number of securities is 989.22 mn.

<http://thefinancialexpress.com.bd/stock/titas-gas-earns-BDT-339b-as-net-profit-in-fy-2017-18-1545454640>

Economy

Election fuels bank borrowing

Govt's borrowing thru high-cost savings tools also on the rise

The Daily Star, December 23, 2018

- The government's borrowing from the banking system shot up in the last two months to meet its expenditure ahead of the national election scheduled next week. The sudden rise in the bank borrowing has thrown some banks into further cash crisis, a trend they have been facing throughout 2018, according to bankers.
- Bangladesh Bank data showed the government borrowed BDT 3,042 crore in November using treasury bills and bonds, and has set a target to take another BDT 5,050 crore in December, of which three-fourth have already been drawn. The government borrowed BDT 1,373 crore in the July-October period in the current fiscal year.
- Though the borrowing has been less than one-fourth of the full-fiscal year's target of BDT 42,029 crore, it is more than double from the total borrowing in 2017-18, when the government took loans amounting to BDT 5,666 crore from the banking sector against the planned BDT 28,203 crore.
- In 2016-17, the government did not borrow any money from the banking system; rather it repaid BDT 18,029 crore to adjust past debts, according to the BB. Cash withdrawal by candidates and many others ahead of the elections has already created a cash crunch for some banks, said M Kamal Hossain, managing director of Southeast Bank.
- The government had set a net borrowing target of BDT 2,050 crore from banks for December, but the target has been revised up, keeping an option to get another BDT 3,000 crore this month. "The revised target was unexpected for the banks that have been already facing cash crisis," said the treasury head of a private bank.
- The situation has forced the cash-strapped banks to resort to the central bank. Ten banks borrowed BDT 3,687 crore from Monday to Wednesday last week using repurchase agreement and the assured liquidity support facility to meet their instant liquidity demands.

<https://www.thedailystar.net/business/news/election-fuels-bank-borrowing-1677541>

Three shoemakers shell out BDT 177cr for new plants

The Daily Star, December 23, 2018

- The footwear sector is set to get a fresh investment of BDT 177 crore through three companies seeking to grab a share of the country's growing domestic market. One of the companies is Walkar, a sister concern of Pran-RFL Group, which would be putting in BDT 150 crore to expand its existing manufacturing facilities.
- The other two companies are separate ventures of Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, in partnership with two Indian shoemakers. Of his joint ventures, Footsteps Bangladesh came about in association with VKC Footwear, which would be investing BDT 16.8 crore (\$2 mn).
- VKC is the second largest footwear manufacturer and marketer in India with an annual turnover of Rs 3,000 crore. Islam said Footsteps plans to export to the Middle East and other new markets. The other joint venture, Sanghavi Shoe Accessories Bangladesh, is with Sanghavi Shoe Accessories Pvt Ltd, which would be investing around BDT 10 crore (\$1.2 mn) to cater to both the local and foreign markets.
- Bangladesh bagged \$438 mn last fiscal year in export earnings from the footwear sector, becoming the world's sixth largest footwear and leather goods exporter. Nasir Khan, managing director of Jennys Shoes, which stands beside Bata, Apex, Bay Emporium and Orion Footwear as a major market player, believes the domestic market sees footwear sales of around BDT 10,000 to BDT 12,000 crore annually.

<https://www.thedailystar.net/business/news/three-shoemakers-shell-out-BDT-177cr-new-plants-1677598>

Govt to install 150-km gas pipeline in N dists

GTCL takes up BDT 13.78b project

The Financial Express, December 22, 2018

- The government will install a 150-kilometre gas transmission line up to northern districts in a bid to tap industrial potential in the country's impoverished region, officials said Saturday. Government officials said Gas Transmission Company Limited (GTCL) would lay the gas pipeline from Bogura to Nilphamari involving BDT 13.78 bn.
- GTCL, a company under Petrobangla, has already taken up a project to supply natural gas to the northern region. The country's north and north-western regions are economically lagging behind as they lack adequate energy supply which affected industrial growth there.
- The government in 2005 installed a gas pipeline up to Bogura to supply energy to customers including industrial ones. Later, it has also supplied gas to Rajshahi. Petrobangla in 1999 formed a new company named Pashchimanchal Gas Company Limited (PGCL) to distribute gas among the customers in Rajshahi division.
- The Petrobangla official said they had decided to set up the pipeline as Syedpur Export Processing Zone, some other proposed economic zones and some private-sector industries will be potential bulk customers for gas supply. When gas supply will be available, he said, the northern districts are likely to see an industrial revolution resulting in higher economic growth of the country.
- According to Energy Division, the proposed gas pipeline will be built from Bogura to Nilphamari through Gaibandha and Rangpur districts. Out of the total project cost, the government will provide BDT 13.68 bn from its internal sources while GTCL the rest of the amount from its own fund. The 150-km gas transmission line will be set up by June 2021.

<http://thefinancialexpress.com.bd/trade/govt-to-install-150-km-gas-pipeline-in-n-dists-1545536779>

Export earnings from plastic products up by 30pc

The Financial Express, December 22, 2018

- Export earnings from plastic products have risen by 30 % during the first five months of the current fiscal year (FY19), according to statistics of Export Promotion Bureau (EPB) and Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA).
- Multiple uses of plastic products have increased in the country gradually and its export volume has expanded remarkably, thanks to good quality products as well as fulfilling domestic demands, they added, reports BSS. From July to November of the current fiscal, export volume of plastic products stood at US\$487,000, which is higher than of 30 % in the 2017-18 year, the EPB and BPGMEA sources said.
- The exported goods included household materials, automobiles, medical equipment and toys, he said, adding the country can embark on exploring to increase export volume of plastic products. The size of foreign markets of plastic products is nearly one trillion US dollar.

<http://thefinancialexpress.com.bd/economy/bangladesh/export-earnings-from-plastic-products-up-by-30pc-1545488006>

Local TV channels using Bangabandhu-1 satellite

The Daily Star, December 23, 2018

- Seven private television stations and three channels of state-run Bangladesh Television have started airing programmes using Bangabandhu-1, the country's first communication satellite.
- The stations are BTV World, Sangsad Bangladesh Television and BTV Chattogram and private channels Somoy TV, DBC News, Independent TV, NTV, Ekattor TV, Bijoy TV and Boishaki TV. State-run Bangladesh Betar is also using the satellite.
- The channels are currently using the Bangabandhu satellite for free and will start paying for the service from March next year. They currently have contracts with satellite Apstar and their cancellation require notifications three months in advance. In September, BTV ran live coverage of South Asian Football Federation Championship via the satellite. Some television channels also carried out test transmissions.
- Each television station in Bangladesh uses four to six megahertz of bandwidth and spends \$20,000 a month on an average for satellite connectivity. If all of them take the service from Bangabandhu-1, the BCSCCL will be able to earn \$10 mn annually, enough to make its business viable.
- Currently, there are 34 television channels in Bangladesh which are shelling out \$14 mn per year to use satellites from other countries. Fifteen more television channels are set to begin commercial operations in the country. The satellite was launched in May this year under a project costing BDT 2,765.66 crore, allowing Bangladesh to enter the elite space club of 57 nations who have sent satellites into orbit.
- The BCSCCL has also signed a deal with the country's first direct-to-home company RealVU, which is testing programmes aired by 48 local and international channels through Bangabandhu-1.

<https://www.thedailystar.net/business/news/local-tv-channels-using-bangabandhu-1-satellite-1677544>

International

Pakistan plans to relax visa policy in bid to revive tourism

New Age, December 23, 2018

- Pakistan is planning to ease visa restrictions for visitors from 55 countries, including most European nations, in a bid to revive tourism that was devastated by Islamist violence in the fallout from the 9/11 attacks in the United States. That comes after Portugal this month declared Pakistan safe for travel, while France has also relaxed its advisory on travel to the South Asian nation
- Potentially restarting tourism has been one of the most talked about parts of new prime minister Imran Khan's push to create an Islamic welfare state in Pakistan, but visitors to the country often complain of an arduous visa process. Former Real Madrid soccer stars Kaka of Brazil and Portuguese playmaker Luis Figo were recently denied visas to the country for a promotional visit, Chaudhry said, highlighting the nation's laborious visa process.
- Pakistan was last a prominent tourist destination in the 1970s when the 'hippie trail' brought Western travellers through the apricot and walnut orchards of the Swat Valley and Kashmir on their way to India and Nepal. Since then, a deteriorating security situation and the imposition of a harsh interpretation of Islamic laws has chipped away at the number of visitors.
- Following Pakistan's participation in the US-led war in Afghanistan after the September 11, 2001 attacks in New York and Washington, the country was rocked by a decade of regular large-scale militant attacks. Security has since improved dramatically, with militant attacks down sharply in the mainly Muslim country of 208 mn people.
- British Airways on Tuesday announced it would resume flights to Pakistan next year after a 10-year absence that followed a major hotel bombing, becoming the first Western airline to restart such flights.

<http://www.newagebd.net/article/59577/pakistan-plans-to-relax-visa-policy-in-bid-to-revive-tourism>

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