

Stock Market & Company

Stocks extend gaining streak to 3rd day

Newage, January 27, 2020

- Dhaka stocks gained marginally on Sunday to extend the gaining streak to the third session as a section of investors went for profit taking while the others kept buying shares amid the government moves to stabilise the market. DSEX, the key index of the Dhaka Stock Exchange, advanced by 0.31 %, or 14.31 points, to close at 4,528.20 points on Sunday.
- The index gained 120 points in the last three sessions and advanced by 490 points in the last eight sessions with just a negative day. The market was negative at the beginning on Sunday but rebounded in the middle of the session and closed with a marginal gain as investors were active from both sides of the trading fence, market operators said.
- They said that a section of investors went for profit-taking share sales while the others kept buying shares amid expectations that the market would rebound amid various moves from the government and the Bangladesh Bank.
- After an increase in share price of most of the companies in recent rally, investors preferred to bag some quick profits, they said. Market operators said a section of investors might be waiting to see how the government implemented its initiatives for the market recovery.
- The central bank may create a BDT 10,000-crore refinancing fund for providing loans on easy terms to address the liquidity dearth on the capital market. The BB took the initiative after a meeting of policymakers in presence of prime minister Sheikh Hasina at her office in Dhaka on January 16 made a six-point proposals, emphasising an increase in fund flow to the market.
- The turnover on the DSE dropped to BDT 474.14 crore on Sunday from BDT 514.39 crore in the previous trading session. Out of the 356 scrips traded on Sunday, 150 advanced, 158 declined and 48 remained unchanged.

<https://www.newagebd.net/article/97782/stocks-extend-gaining-streak-to-3rd-day>

Irregularities in IPO utilisation deceiving investors

The Business Standard, January 27, 2020

- Regent Textile Ltd collected BDT125 crore from the share market in 2015 to renovate its factory and start a new ready-made garment (RMG) project. But the RMG project has not been completed even after five years. Though the company claims that it has completed the renovation, there is no visible sign of progress in the use of the Initial Public Offering (IPO) fund.
- In August 2018, Aman Cotton Fibrous Ltd collected BDT80 crore from the share market to buy new machinery and repay its loans. Till now the company has repaid only a part of its loans and has not yet set up any new machinery. Around BDT72 crore of the IPO fund is still unused.
- Professor Abu Ahmed, a capital market analyst, told The Business Standard, "No listed company has the right to misuse the money taken from investors. But the fact is some companies are doing this."

- He said, "The BSEC (Bangladesh Securities and Exchange Commission) is responsible for monitoring the companies' IPO fund use. They are not doing enough to implement the laws."
- Mahbub H Majumder, managing director of AFC Capital Ltd, said, "The regulators have strict laws about the use of money collected from the capital market. But some entrepreneurs are not obeying the laws." He added that the regulators are being soft on the responsible companies.

CROSSING THE IPO DEADLINES				
COMPANY	LISTING YEAR	RAISING CAPITAL	MAJOR PROJECT	Total unutilised %
Regent Textile	2015	TK125CR	RMG project	36.41%
Aman Cotton Fibrous	2018	TK80CR	Business expansion	91%
Intraco refueling station	2018	TK30CR	LPG satellite plant	77%
Pacific Denims	2017	TK75CR	Business expansion	27%
Sk trims	2018	TK30CR	Building construction & acquisition	54%
Queen South Textile	2018	TK15CR	construction of the automatic warehouse	54%
Alif manufacturing	2018 (Right share)	TK109.40CR	Business expansion	32%
Bd thai	2016	TK52.33CR	Business expansion	9%
Ifad autos	2017 (Right share)	TK124.38CR	expansion of assembling unit	11%

- Regent Textile wanted to complete the BMRE (balancing, modernisation, rehabilitation and expansion) in 12 months, and the RMG project in 18 months. The initial deadline expired on December 19, 2016. After that, Regent Textile extended the deadline for the first time on October 31, 2017, then for the second time on October 31, 2018, the third time on June 30, 2018, and the last time on June 30, 2019. The company has still not used 36.41 percent of the IPO money. In this period the company got BDT32 crore as interest from the total fund.
- The initial deadline for the IPO utilisation of Aman Cotton expired in August 2019. The company has used only BDT7.76 crore, which is only 8.77 percent of the total fund. The company is still to repay 53 percent of its loans. However, the company has mentioned in its utilisation report that all the loans have been repaid. There is also an allegation that the company has provided the money as security for another company of the group for taking loans. So far, the company has earned BDT 4.68 crore as interest from the IPO fund.
- According to information published by the Dhaka Stock Exchange on November 30, 2019, the IPO utilisation deadline for Intraco Refuelling Station Ltd expired in August 2019. The company is yet to utilise 77 percent of its total fund of BDT30 crore. The IPO utilisation deadline for Pacific Denims Ltd expired in February 2019. Though the company has extended the initial deadline, it is yet to utilise 27 percent of its total fund of BDT75 crore.
- SK Trims and Industries Ltd has utilised only 46 percent of its total fund of BDT30 crore. Its IPO utilisation deadline ended in December 2019. Queen South Textile's initial deadline to use BDT15 crore IPO fund expired in October 2019. Though it extended the deadline, it is still to utilise 54 percent of the total fund. Alif Manufacturing Company Ltd collected BDT109.40 crore from the right share. The deadline for utilisation ended in December 2019. But the company is still to use 32 percent of the total money.

<https://tbsnews.net/economy/stock/irregularities-ipo-utilisation-deceiving-investors-39393>

AD Order on Audit Claim Dispute

GP appeals to pay BTRC BDT 575cr

Newage, January 27, 2020

- Leading mobile phone operator Grameenphone on Sunday petitioned the Appellate Division to allow it to pay BDT 575 crore to the Bangladesh Telecommunication Regulatory Commission instead of BDT 2,000 crore the court earlier directed the company to pay to settle part of a BTRC audit claim.
- The mobile phone operator also prayed the Appellate Division to allow it to pay BDT 575 crore in twelve equal monthly instalments, GP regulatory affairs head Hossain Sadat told reporters.
- On November 24, the Appellate Division directed the mobile phone operator to pay BDT 2,000 crore of the BTRC audit claim of BDT 12,579.75 crore in three months. The AD gave the order based on an appeal submitted by the BTRC against an order of the High Court delivered on October 17 last year.
- The HC issued injunction on the government, barring any regulatory measure to recover the audit claim. Before the court order, the commission initiated a move to appoint administrator to GP in addition to NOC issuance suspension.
- As the amount is big, GP has filed the review petition with the court to reset the payment amount in line with the taxation law that allows filing lawsuit regarding any disputed tax amount upon payment of 25 % of the disputed amount, Sadat said.
- As per the BTRC claim, GP owes BDT 4,086 crore to the National Board of Revenue and the rest BDT 8,498 crore to the BTRC. 'Once the interest portion (BDT 6,194 crore) of the BTRC audit claim is excluded, the principal amount stands at BDT 2,299 crore and that's why GP has applied to the court to set the amount at BDT 575 crore,' the GP official said.
- Sadat said that the court earlier allowed mobile operator Robi to clear BDT 138 crore in five instalments and that's why they appealed the court to allow them to pay BDT 575 crore in twelve instalments.
- GP would be able to secure BTRC's no objection certificate, required to import equipment for network expansion and maintenance, upon payment of the instalments if the AD accepts GP's prayer, he said, adding that there would be scope for engaging in discussion with the government even the court allowed GP to clear BDT 575 crore for now.

<https://www.newagebd.net/article/97778/gp-appeals-to-pay-btrc-BDT-575cr>

AIBL unveils new logo at rebranding campaign

Newage, January 27, 2020

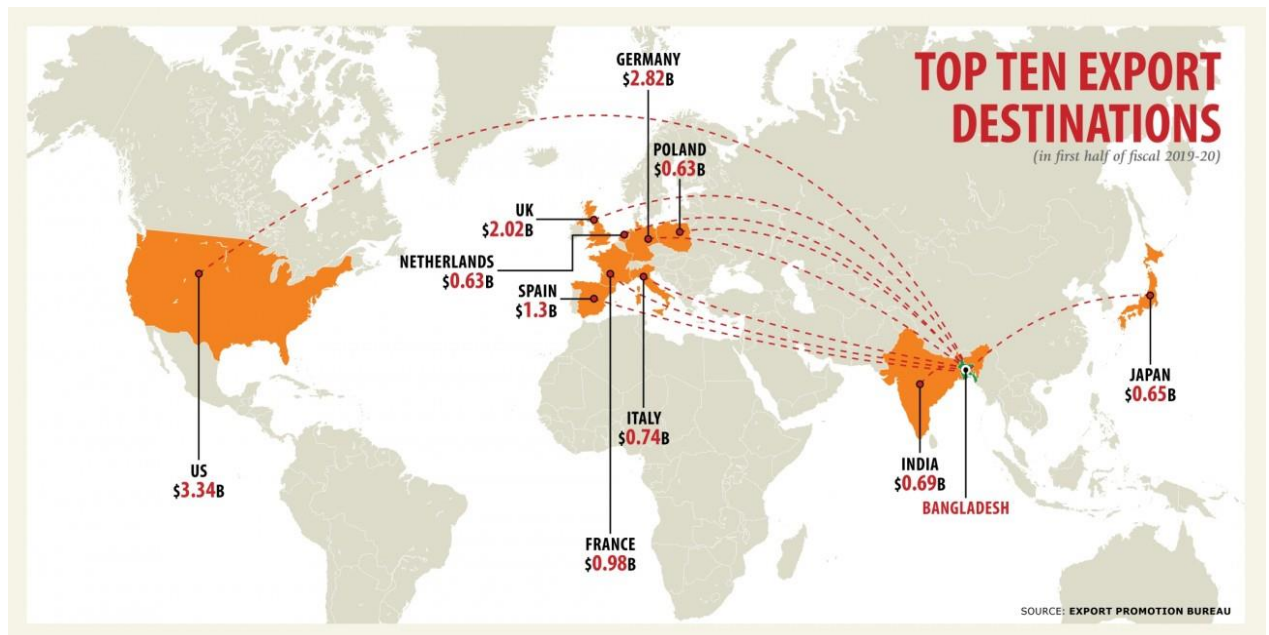
- Al-Arafah Islami Bank Limited has unveiled its new logo at the launch of its rebranding campaign to mark its 25th founding anniversary. The bank has also declared 2020 as its Silver Jubilee Year, said a press release.
- AIBL chairman Abdus Samad Labu unveiled the logo as the chief guest at an event at Hotel Purbani in Dhaka on Sunday.

<https://www.newagebd.net/article/97783/aibl-unveils-new-logo-at-rebranding-campaign>

Economy and Industry

Bangladesh's rise in global apparel business

The Daily Star, January 27, 2020



- Just after the Independence War of 1971, Bangladesh had to put up a fresh fight to get rid of the scars that the nine-month battle left on its economy. Like on the domestic front, the country started a modest journey in overseas trade: it logged \$348 mn by exporting 25 products to 68 countries in fiscal 1972-73, according to the commerce ministry.
- Of the products, only three -- jute, leather and tea -- were prominent, with jute alone fetching 90 percent of the total export earnings.
- But the situation took a turn for the better in late 1970s when a band of educated youths began to try their luck in readymade garment shipment. They even had set up factories on the premises of their home or in shared buildings to rope in buyers and subsequently started to find their feet in the global apparel business.
- After a journey of four decades, Bangladesh now is the second largest apparel exporter grabbing 6.4 percent of the global market and creating jobs for 4.4 mn of its people, especially women.
- Bangladesh is also the second largest apparel supplier to the EU and third largest to the US. Bangladesh boasts more than 100 green garment factories certified by the US Green Building Council, while another 500 buildings are on way to receive such certifications.
- The country exported goods worth \$40.53 bn to 202 countries in fiscal 2018-19. Garment products accounted for 84 percent of the earnings, bringing in \$34.13 bn.
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<https://www.thedailystar.net/business/news/bangladeshs-rise-global-apparel-business-1859545>

World Bank sees headwinds ahead for Bangladesh

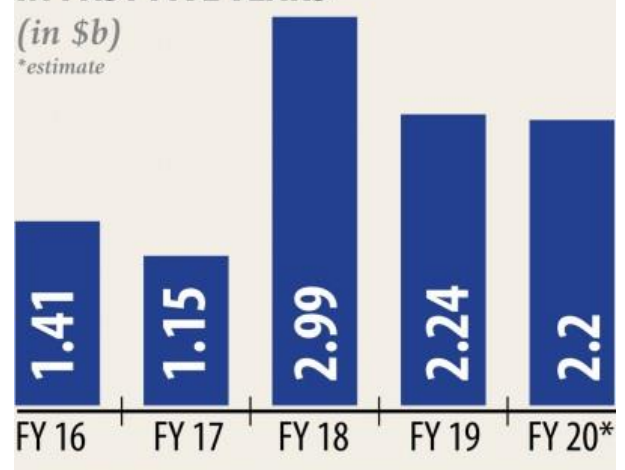
The Daily Star, January 27, 2020

BANGLADESH'S MACROECONOMIC TREND

	2015	2016	2017	2018	2019*	2020**	2021**
Real GDP growth at constant market prices	6.6	7.1	7.3	7.9	8.1	7.2	7.3
Real GDP growth at constant factor prices	6.5	7.2	7.2	7.9	8.3	7.2	7.3
Inflation	6.4	5.9	5.4	5.8	5.5	5.9	5.7
Current Account Balance (% of GDP)	1.5	1.9	-0.5	-3.5	-1.7	-2	-2.2
Net FDI (% of GDP)	0.9	0.6	0.7	0.6	0.8	0.8	0.8
Fiscal balance (% of GDP)	-3.7	-3.7	-3.4	-4.7	-4.4	-4.8	-4.7
Debt (% of GDP)	31.8	31.5	30.8	31.9	32.8	33.9	34.8
Primary balance (% of GDP)	-1.7	-1.8	-1.6	-2.8	-2.5	-2.6	-2.5

- The World Bank yesterday praised the progress Bangladesh achieved in recent years but apprehends a struggle ahead for the low tax revenue and banking sector's poor condition.
- "While Bangladesh is poised to maintain its current level of growth in the medium term, key structural reforms are needed to sustain productivity growth," said the Washington-based multilateral lender in its review of Bangladesh's performance under the country partnership framework (CPF).
- The WB prepares a CPF for five years for member countries. It prepared one for Bangladesh in fiscal 2015-16 in which it set some targets in sectors such as energy, transport, social protection, education, job creation, health, and climate and environment management. The country has made remarkable progress in improving the wellbeing of its citizens.
- The national poverty rate fell from 48.9 to 24.3 % between 2000 and 2016, while the extreme poverty rate declined from 34.3 to 12.9 %. Rural poverty fell substantially, driven by gains in non-agricultural income. Progress is also seen in non-monetary indicators of wellbeing. The average life expectancy increased to 72.5 years.
- Economic growth has been robust, exceeding 7 % since 2016, well above the 3.9 to 4.7 percent average for developing countries in recent years, according to the WB.
- Exports and remittance have been buoyant. Agriculture had bumper harvests. Propelled by a solid economic performance, gross national income per capita

WORLD BANK'S AID TO BANGLADESH IN PAST FIVE YEARS



increased from \$1,188 in fiscal 2014-15 to \$1,944 in fiscal 2018-19.

- Overall inflation has ranged between 5.4 and 6.4 % since 2015 and declined in 2019 as decelerating food prices offset a rise in non-food inflation.
- The expansion of monetary aggregates has been limited as private sector credit growth slowed and banking liquidity has been impacted by the central bank's recent sell-off of dollars to defend the taka.

<https://www.thedailystar.net/business/news/world-bank-sees-headwinds-ahead-bangladesh-1859533>

Tax receipts BDT 31,508cr short of H1 target

Newage, January 27, 2020

- Revenue collection by the National Board of Revenue fell short by BDT 31,508 crore or 23 % of the target in the first half of the current fiscal year 2019-2020 due to poor performance by the three wings of the NBR and gloomy economic activities in the country.
- Officials said that failure in implementation of the value-added tax online system fully that included online VAT returns submission and installation of electronic fiscal devices, tax and duty exemption at higher rates to various sectors, and decline in import of major products were the key reasons for the shortfall.
- They also attributed the tax collection deficit to an ambitious revenue collection target of BDT 3,25,600 crore set by the government for the NBR for FY20. According to the provisional data of the revenue board, tax officials managed to collect only BDT 1,05,161 crore in income tax, VAT and customs duty in July-December of FY20 against the collection target of BDT 1,36,669 crore for the period.
- Revenue collection, however, grew by 7.39 % in the six months compared with that in the same period of the last fiscal year (FY 2018-2019) when revenue collection was BDT 97,923 crore, the data showed.
- In July-December of FY20, the NBR faced the biggest deficit in customs duty collection by BDT 13,174 crore followed by BDT 10,905 crore in VAT collection and BDT 7,429 crore in income tax collection.
- The NBR collected the highest amount of revenue in VAT worth BDT 41,091 crore in the period against the target of BDT 51,996 crore for the period.
- Income tax and customs duty collection stood at BDT 32,647 crore and BDT 31,424 crore respectively in July-December. The targets were BDT 40,075 crore and BDT 44,598 crore respectively for income tax and customs duty collection for the period, according to the NBR data.

<https://www.newagebd.net/article/97780/tax-receipts-BDT-31508cr-short-of-h1-target>

International

Coronavirus: Could it damage the global economy?

The Financial Express, January 27, 2020

- China is struggling with a new virus that has already killed more than 20 people. It is a serious health issue. The World Health Organization has called it an emergency for China, though not for the world, not so far at least.

- Inevitably, it will have economic consequences. But how severe and how far will they spread? Economists are very wary about putting any figures on it at this early stage.
- But it is possible to identify what form the impact will take and to look at the economic damage done by previous similar episodes, notably the outbreak of severe acute respiratory syndrome - better known as Sars - in 2002-3, which also began in China.
- It is within China that there already is some economic damage. Travel restrictions have been imposed in parts of the country at a time [the Chinese New Year] when many people travel. So the tourism business is already being hit.
- Consumer spending on entertainment and gifts will also be affected. For entertainment, many will be reluctant to take part in activities outside the home that could lead to exposure to the virus. Many people are sure to have cancelled plans of their own volition to avoid risks of exposure to the disease.
- The impact is magnified by the fact that Wuhan, the city where it began, is an important transport hub. Travel restrictions are also a problem for any business that needs to move goods or people around. Industrial supply chains will be affected. Some deliveries may be disrupted and some will become more expensive.
- There will be lost economic activity as a result of people not being able or willing to travel to work. There will also be a direct financial cost from treating patients borne by health insurers (public and private) and by patients.

<https://thefinancialexpress.com.bd/economy/global/coronavirus-could-it-damage-the-global-economy-1580039637>

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