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Stock Market & Company

DSE, CSE open positive amid low turnover

The Financial Express, October 27, 2021

- Stocks witnessed a positive trend in early trading on Wednesday as bargain hunters are showing their buying interest on selective issues based on ongoing corporate declarations. Following the previous day's strong comeback, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 36.76 points or 0.52 per cent to 7,042 points within the first hour of trading at 11:00 am.
- The Shariah Index (DSES) also gained 2.01 points to stand at 1,484 points till then. But, the DS30 index, comprising blue chips, shed 4.0 points to stand at 2,657 at 11:00 am. Turnover, another important indicator of the market, however, was still low and amounted to Tk 4.06 billion within the first hour of trading at 11:00 am.
- Trading activities remained low as general investors are not confident enough to invest fresh funds on stocks amid recent volatility in the market, according to a stockbroker. Of the issues traded till then, 230 advanced, 102 declined and 33 issues remained unchanged on the DSE trading floor till then.
- IFIC Bank was the most traded stock till then with shares worth Tk 355 million changing hands, closely followed by Beximco, BATBC, Delta Life Insurance and Saif Powertec. The Chittagong Stock Exchange also opened on a positive trend with its All Shares Price Index (CASPI)—gaining 78 points to stand at 20,522 while the Selective Categories Index – CSCX advanced 43 points to reach 12,326, also at 11:00 am.
- Of the issues traded till then 101 advanced, 42 declined and 17 remained unchanged with Tk 82 million in turnover.

<https://thefinancialexpress.com.bd/stock/dse-cse-open-positive-amid-low-turnover-1635312393>

Kamal wants investors to be aware of share market risks

Newage, October 27, 2021

- Finance minister AHM Mustafa Kamal on Wednesday said investors having a craving for profits should also be aware of risk factors of the share market.
- 'The market goes up and down every day. This is an extremely sensitive market,' he said while answering a question about the role of Bangladesh Securities Exchange Commission against the backdrop of the current volatility on the market and the frequent protests by investors.
- The finance minister was talking to reporters after presiding over meetings of the cabinet committee on government purchases and the cabinet committee on economic affairs virtually. He said that the country's economy was the pillar of the share market and the market would be strong when the economy became strong.
- There is no other way for boosting the market, he said. After hitting an all-time high on September 9, the share market has become volatile due to a host of reasons including a tussle between the Bangladesh Bank and the BSEC over issues related to the stock market.
- Mustafa Kamal suggested that investors should make careful calculation before making any investment in the share market.

<https://www.newagebd.net/article/152902/kamal-wants-investors-to-be-aware-of-share-market-risks>

Saif Powertec's profit soars 62% as revenue grows, interest and tax rate drops

The Business Standard, October 27, 2021

- Saif Powertec Limited, the operator of the Chattogram Sea Port, has posted 62% growth in annual profits for the 2020-21 fiscal year. The company's earnings per share (EPS) for the 12 month up to the end of June this year grew to Tk1.75, which was Tk1.08 in the previous year.
- Explaining the year on year improvement in business, Hasan Reza said Saif Powertec's operations were on during the first wave of the pandemic, but as the economy had been in a standstill for more than two months, revenue from port operations dropped in the last quarter of 2019-20 fiscal year.
- The company's consolidated annual revenue was 3.03% down to Tk385 crore for the 2019-20 fiscal year and that affected its profit margins to yield 24% less annual profits. Unlike the previous year, the second wave of the Covid-19 this year did not disrupt port operations that much to reduce the company's revenue, instead revenue increased.

<https://www.tbsnews.net/economy/saif-powertecs-profit-soars-62-revenue-grows-interest-and-tax-rate-drops-321850>

Runner's profit grows 37%

The Business Standard, October 27, 2021

- Runner Automobiles, the manufacturer of Runner, UM and Piaggio two wheelers, also the sole distributor of KTM motorcycles, Bajaj three wheelers, and Eicher commercial vehicles, posted 37% growth in its annual profits.
- Amid a slowdown in the commercial vehicle market over 2018 and 2019 and a 66-day long nationwide shutdown had drastically dragged Runner's earnings per share (EPS) down to Tk1.97 in the 2019-20 fiscal year, from Tk4.41 in the previous year.
- From the dent, the company recovered its profits partially as the EPS in 2020-21 fiscal year stood at Tk2.70. Of the profit per share, the mother company Runner Automobiles Ltd which is engaged in manufacturing, marketing and export of two wheelers alongside the business of Bajaj LPG-run three wheelers contributed Tk1.08.
- **Shifting focus towards more cash sales:** Over the past fiscal year, the company has taken strategic moves to increase cash sales and manage overall working capital more efficiently, which helped increase the positive operating cash flow, Runner said in its statement.
- Runner, which has long been leading the on-installment selling of two wheelers in the country, had contributed a lot to make motorcycles affordable to the mass people as it pioneered local manufacturing to reduce duty burden on motorcycles by more than one-third.

<https://www.tbsnews.net/economy/runners-profit-grows-37-321859>

Prime Bank secures \$30m from UK dev lender

The Daily Star, October 28, 2021

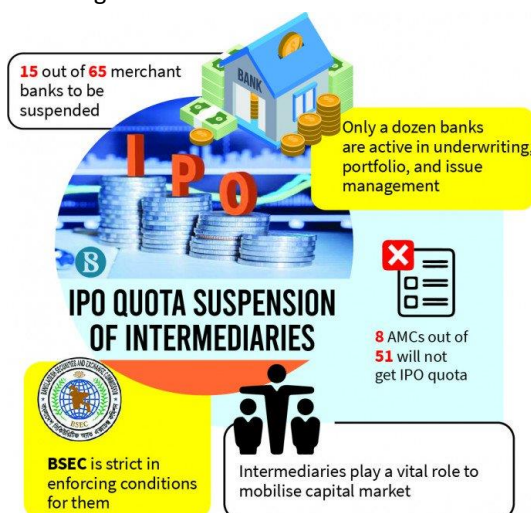
- UK-based finance institution CDC Group has committed a \$30 million trade finance loan to Prime Bank Limited. The loan will enhance the ability of the Bangladeshi bank to meet the US dollar funding needs of local corporates, bolstering necessary import and export activities, the bank said in a statement yesterday.
- The loan facility will provide Prime Bank with a stable source of much-needed trade finance funding, according to the statement. Hassan O Rashid, managing director and chief executive officer of Prime Bank, said the partnership with CDC is indeed a very timely initiative. This collaboration shall enable Prime Bank to address the need of corporate and SME clients in the post-Covid business environment, he said.
- Robert Chatterton Dickson, British high commissioner to Bangladesh, said this new trade finance loan by the UK's bilateral investment arm, CDC, will act as a stimulus to the growth of Bangladesh's gross domestic product by providing much needed support to key economic sectors.

<https://www.thedailystar.net/business/economy/banks/news/prime-bank-secures-30m-uk-dev-lender-2208236>

BSEC to suspend IPO quota for inactive intermediaries

The Business Standard, October 27, 2021

- The stock market regulator will suspend initial public offering (IPO) quota facilities for merchant banks and asset management companies that did not comply with their licensing conditions for being active in the business.
- The Bangladesh Securities and Exchange Commission (BSEC) has identified 15 merchant banks, out of a total of 65, which did not submit any proposal to list a company on the stock market.
- As per the rules, each merchant bank must submit at least one IPO issue proposal to the regulator every two calendar years. According to the BSEC's decision, the inactive investment banks will not get any quota facilities in the primary market.
- Merchant banks and asset management companies are enjoying quota facilities in IPOs and qualified investor offers (QIOs) as per the rules.
- The merchant banks include BetaOne Investments, Cosmopolitan Finance, EC Securities, Exim Islami Investment, FAS Capital Management, and First Security Islami Capital and Investment.
- Grameen Capital Management, GSP Investment, Hal Capital, IL Capital, Jamuna Bank Capital Management, Meghna Capital Management, PLFS Investments, Sonali Investment, and Strategic Finance Limited, are other companies to face suspension.
- The regulator has also identified eight asset management companies, out of a total of 51, which are not currently managing any funds. They also will not get any quota facilities in the primary market.
- The companies are Alif Asset Management Company, Invest Asia Capital Asset Management, BDV Asset Management Company, Meghna Asset Management, Bloominace Asset Management Company, Blue-Wealth Assets, Belt and Road Asset Management, and BMSL Asset Management Company Limited.



<https://www.tbsnews.net/economy/stocks/bsec-suspend-ipo-quota-inactive-intermediaries-321838>

RAK Ceramics to invest Tk52.50cr for increasing production capacity

The Business Standard, October 27, 2021

- RAK Ceramics (Bangladesh) Limited, a United Arab Emirates-based company, will invest Tk52.50 crore in increasing its tiles production capacity by upgrading machinery in their existing factory. After the completion of upgrading, the company's production capacity will increase by 8.76 lakh square meters per annum. The company has expressed hope that the upgrade work in its plant will finish by next year.

- Despite the lockdown from July to August across the country due to the pandemic, the company reported a 9% growth in consolidated sales to Tk157.45 crore in the July-September quarter this year. Its consolidated net profit also grew by 59% to Tk19.51 crore during the period.
- At the end of the first three quarters of this year, its consolidated net revenue stood at Tk484.32 crore and net profit at Tk63 crore, which was 42% and 600% higher respectively compared to the previous year. The company currently highlights its product features designed to save the environment. RAK in its 2020 annual report said its technologically-advanced flush systems save as much as 33% water.
- The annual report underscores resource recycling to ease pressure on landfills, and a clean development mechanism to reduce carbon footprints in the manufacturing process.

<https://www.tbsnews.net/economy/corporates/rak-ceramics-invest-tk5250cr-increasing-production-capacity-321847>

Economy & Industry

UK roadshow to focus on FDI, capital market

The Business Standard, October 27, 2021

- The Bangladesh Securities and Exchange Commission (BSEC) will organise a roadshow in the United Kingdom in the first week of November to attract more portfolio and foreign direct investments.
- "We are arranging a roadshow in the United Kingdom to get more investments. We want to focus on foreign direct investment (FDI) and the capital market," Salman F Rahman, private industry and investment adviser to the prime minister, said on Wednesday. "We are going to arrange a summit for two reasons – to present our achievement in the past decade and to create interest of people in investing in Bangladesh."
- He came up with the remarks at a press conference held on the occasion of the roadshow to be held on 4 November on "Bangladesh Investment Summit 2021: Building Sustainable Growth Partnership". The securities regulator will later hold a roadshow on "The Rise of Bengal Tiger: Trade and Investment Potentials in Bangladesh" in Manchester.
- BSEC Chairman Professor Shibli Rubayat-UI-Islam has urged non-resident Bangladeshis living in the UK to invest in the capital market for a maximum return. "Bangladesh needs more international investment for the development of major sectors. In this case, we urge UK entrepreneurs to invest in Bangladesh," said the BSEC chairman.

<https://www.tbsnews.net/economy/uk-roadshow-focus-fdi-capital-market-321841>

BB intensifies intervention as dollar hits new high

The Daily Star, October 28, 2021

- The central bank has intensified its efforts to keep the exchange rate of the local currency stable in the face of rising demand for US dollars. Bangladesh Bank has sold about \$1.38 billion worth of US dollars so far this fiscal year to protect the taka from any volatility and meet the demand of the economy. The sales were nil during the same period a year ago. Rather, the BB bought the American greenback last fiscal year.
- The accelerated sales came despite the recent advice from the International Monetary Fund (IMF) to maintain flexibility in the foreign currency market.
- The US dollar is increasingly becoming dearer in Bangladesh because of a confluence of factors such as a surge in imports, a pickup in international travels, moderate exports and falling remittance, which may create inflationary pressure.
- The average interbank exchange rate was Tk 85.65 per USD on October 19, up from Tk 84.80 a year ago, BB data showed. Four private commercial banks were selling USD at Tk 88 to Tk 89 yesterday, according to their website.
- In keeping with the rebound of economic activities globally and in Bangladesh, import rose 46 per cent to \$11.72 billion in July and August. Alone in August, the growth was 73 per cent, up from 14 per cent in the negative, year-on-year.



BY THE NUMBERS

BB sold \$1.38b USD so far in FY22	Interbank exchange rate Tk 85.65 per USD on Oct 19	Dollar selling at Tk 88-89 at private banks
Import up 73pc in Aug	Remittance falls 20pc in Sep	Forex reserves \$46.19b on Oct 19

- The opening of the letters of credit for the import of the consumer goods, which include food commodities, was up 63 per cent in the first two months of the fiscal year. The LC opening of petroleum products surged 62 per cent, BB data showed. In an encouraging development, exports grew at 38 per cent in September.

<https://www.thedailystar.net/business/economy/banks/news/bb-intensifies-intervention-dollar-hits-new-high-2208271>

International

Evergrande boss asked to pay firm's debts with own cash

The Daily Star, October 28, 2021

- Chinese authorities have told Evergrande founder Xu Jiayin, once the country's richest man, to use his personal wealth to alleviate the embattled company's debt crisis, according to media reports. The liquidity crunch at one of China's biggest property developers has hammered investor sentiment and rattled the country's crucial real estate market, while fanning fears of a possible contagion of the wider economy.
- Last week, the group unexpectedly paid interest on an offshore bond just before a Saturday deadline, averting a default and giving it a much-needed reprieve. Evergrande also reported that it had resumed work on more than 10 stalled projects.
- But Bloomberg News reported Tuesday that Beijing has pushed Xu -- also known as Hui Ka Yan in Cantonese -- to dip into his own pocket to help pay off some of the company's debts, citing people familiar with the matter.
- The report said the directive from Beijing came after his company missed an initial bond interest payment due on September 23. However, it is unlikely that Xu's personal sacrifice would make much of an impact on Evergrande's liabilities of more than \$300 billion, with Bloomberg reporting his fortune at less than \$8 billion.
- Xu, 63-year-old, was once the wealthiest person in China, worth more than \$40 billion just a few years ago, before Evergrande's troubles began. The crackdown on China's indebted real estate sector that prompted Evergrande's cash crisis has also hit several other builders, with Sinic and Fantasia among those failing to make debt payments.

<https://www.thedailystar.net/news/asia/china/news/evergrande-boss-asked-pay-firms-debts-own-cash-2208161>

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