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Stock Market & Company

Stocks dip for 3rd week as large cap companies plunge

Newage, October 30, 2021

- Dhaka stocks dropped for the third week in the past week as a section of investors went for selling shares, especially those of some large capitalised companies, while many others went for bargain hunting.
- DSEX, the key index of the Dhaka Stock Exchange, lost 0.2 per cent, or 13.87 points, over the past week to close at 7,062.36 points on October 28, the last trading session of the week. The DSEX lost 280.6 points in the last three weeks. Of the 378 scrips traded on the DSE in the past week, 205 advanced, 155 declined and 18 remained unchanged.
- A plunge in share prices of Square Pharmaceuticals, British American Tobacco Company and Beximco Pharmaceuticals shed 38.8 points, 37.1 points and 22.1 points respectively from the DSEX. DSE's blue-chip index DS30 decreased by 2.24 per cent, or 60.43 points, to finish at 2,638.91 points.
- The daily average turnover on the DSE declined to Tk 1,510 crore in the past week compared with that of Tk 1,510.75 crore in the previous week. Average share prices of pharmaceutical, energy, engineering and telecommunication sectors dropped by 3.3 per cent, 2.8 per cent, 2.7 per cent and 2.1 per cent respectively.

- Share prices of textile, general insurance, bank and miscellaneous sectors advanced by 5.6 per cent, 5.5 per cent, 3.4 per cent and 2.5 per cent respectively. Shariah index DSES declined by 2.55 per cent, or 38.77 points, over the past week to close at 1,479.39 points.
- Bangladesh Export Import Company led the turnover chart in the past week with its shares worth Tk 839.92 crore changing hands. Delta Life Insurance Company, Orion Pharmaceuticals, IFIC Bank, NRB Commercial Bank, British American Tobacco Company, Fortune Shoes, Genex Infosys, LafargeHolcim Bangladesh and Square Pharmaceuticals were the other turnover leaders in the week.

<https://www.newagebd.net/article/153209/stocks-dip-for-3rd-week-as-large-cap-companies-plunge>

Attracting FDI: PM to open roadshow in London on Thursday

The Daily Star, October 30, 2021

- Prime Minister Sheikh Hasina is expected to inaugurate a roadshow in the United Kingdom on Thursday to attract more foreign direct investment in Bangladesh. Bangladesh Securities and Exchange Commission (BSEC), in partnership with Bangladesh Investment Development Authority (BIDA) and Bangladesh High Commission in London, is going to organise the roadshow on "Bangladesh Investment Summit 2021: Building Sustainable Growth Partnership".
- The summit will be held at Churchill Auditorium of Queen Elizabeth II Centre Broad Sanctuary in London. Later, another investment summit on "The Rise of Bengal Tiger: Trade and Investment Potentials in Bangladesh" will be held in Manchester on November 8. The summit will be held at Manchester Central Convention Complex Windmill St.
- A high-level delegation team from Bangladesh will be attending the summits to promote investment opportunities in Bangladesh and attract institutional and angel investors from the United Kingdom. Talking to BSS, BSEC Chairman Professor Shibli Rubayat-ul-Islam said the roadshow is going to be organised in the UK to draw more investment and it will focus on foreign direct investment (FDI) and the capital market. He informed that Prime Minister Sheikh Hasina will inaugurate the roadshow and business communities from Bangladesh and the United Kingdom will attend.

<https://www.thedailystar.net/business/economy/news/attracting-fdi-pm-open-roadshow-london-thursday-2209901>

ACC-BSEC body probes LR Global share purchase deal

Newage, October 30, 2021

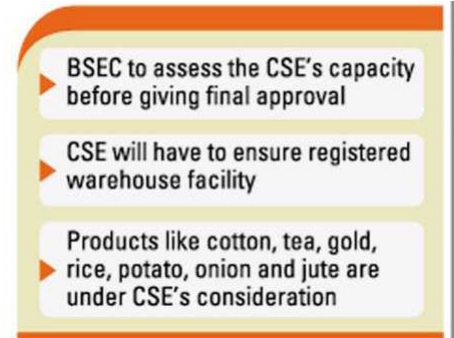
- The Bangladesh Securities and Exchange Commission and the Anti-Corruption Commission have jointly initiated an investigation into different allegations, including money laundering, in connection with a share purchase deal between LR Global Asset Management Company and online media portal bdnews24.com.
- The BSEC issued an order on October 27 in this regard and formed a four-member investigation committee consisting officials of the ACC and the BSEC. The committee members are BSEC director Mahmoodul Hoque, BSEC additional director Nazrul Islam, BSEC deputy director Mustafizur Rahman and ACC deputy director Gulshan Anwar Pradhan.
- According to the BSEC, LR Global chief executive officer Riaz Islam and bdnews24.com editor-in-chief Toufique Imrose Khalidi allegedly used fake statements to inflate share prices of the online media portal. LR Global invested money of mutual funds it manages in bdnews24.com by purchasing shares of the news portal at a higher price, it said.
- The BSEC-ACC committee will assess primary information and allegations of money laundering in accordance with the Money Laundering Prevention Act, 2012 and the Money Laundering Prevention Rules, 2019, the order said. The team has also been asked to consider other relevant matters, it said.
- Earlier in 2020, a BSEC investigation committee found that LR Global on October 13, 2019 invested Tk 50 crore in bdnews24.com by way of six closed-end mutual funds risking the investors' money.

<https://www.newagebd.net/article/153208/acc-bsec-body-probes-lr-global-share-purchase-deal>

Regulator asks CSE to ensure infrastructures, logistics

The Financial Express, October 31, 2021

- The securities regulator has asked Chittagong Stock Exchange (CSE) to ensure infrastructure facilities and capacity, among others, before commencing full-fledged operations at the first commodity exchange in Bangladesh.
- Bangladesh Securities and Exchange Commission (BSEC) on Thursday delivered its instructions through a primary consent letter issued to the port-city bourse.
- In its letter, the securities regulator has asked the CSE to ensure commodity quality assurance measures and warehouse facility before starting operations at the commodity exchange.
- Most of the commodity markets around the world conduct trades of agricultural products and other raw materials such as wheat, barley, sugar, maize, cotton, cocoa, coffee, milk products, pork bellies, oil, and metals.
- As per the BSEC's primary consent letter, the CSE will have to ensure a registered warehouse facility for warehousing, storing and transfer of commodity and setting up of regulatory body for such activities.
- Apart from conducting awareness programmes for market participants, the CSE is required to ensure appropriate pricing and control measures to ensure consumers' rights.



<https://thefinancialexpress.com.bd/stock/regulator-asks-cse-to-ensure-infrastructures-logistics-1635652388>

Robi's profit rises as costs fall

The Daily Star, October 31, 2021

- Robi Axiata, the country's second largest mobile network operator, said its profits soared by 44 per cent year-on-year to Tk 167 crore in the first nine months of this year despite a fall in its operating profit.
- Operating costs and net finance expenses declined in the January-September period apart from a reduction in tax payments, which contributed to the increased profit, according to the third quarter's unaudited financial statements published by Robi yesterday. With more than five crore mobile subscribers as of August, Robi's earnings in the July-September quarter doubled to Tk 86 crore.
- The company said its revenue rose 8 per cent year-on-year to Tk 6,096 crore in the January-September period. Its operating profit, however, declined 19 per cent during the first three quarters of 2021 as its cost of revenue -- total cost for delivering services to consumers -- shot up during the period. Cost of revenue increased 16 per cent year-on-year to Tk 3,981 crore in the January-September period this year, the company's financial statement shows.

<https://www.thedailystar.net/business/organisation-news/news/robis-profit-rises-costs-fall-2210281>

Despite revenue jump, Bata Shoe still in loss

The Business Standard, October 30, 2021

- Bata Shoe, a multinational company in the country, is overcoming the pandemic shock as its revenue increased, but the company is yet to return to profit. The company, which exports some of its goods, manufactures shoe and hosiery accessories with its main revenue coming from the shoe segment.
- Despite a 57% jump in revenue, Bata Shoe incurred a loss for the January to September period this year. During the period, its gross profit rose by 144% year-on-year but it incurred a loss of Tk14.76 crore.
- At the same time as the previous year, its net loss was Tk122.06 crore due to lower sales amid the Covid-19 pandemic and lockdown. As a result, due to sales of goods in bulk as revenues rose, its net loss significantly declined in this period from January to September of the previous year. Based on its nine-month financials, the company has recommended 75% interim cash dividends for the shareholders.

<https://www.tbsnews.net/economy/stocks/despite-revenue-jump-bata-shoe-still-loss-323125>

ACI returns to profit after two losing years

The Business Standard, October 30, 2021

- ACI Limited reported a return to profit in the 2020-21 fiscal year after two consecutive loss making years. The listed conglomerate's earnings per share (EPS) was Tk5.5 for the latest fiscal year, against its per share loss of Tk16.78 for the 12-month period ended in June 2020.
- The mother company ACI Limited on a standalone basis secured an EPS growth to Tk36.25 from Tk27.24 in the previous fiscal year. But, its loss making subsidiaries dragged the consolidated profit drastically down and to know about the loss making subsidiaries investors will have to wait until the company publishes its annual report.
- However, the positive earnings for the year increased the company's consolidated net asset value (NAV) per share to Tk162.65 at the end of June this year.
- The company had suffered losses mainly due to its high finance costs over the previous two fiscal years alongside improvement in some of its businesses. A drop in interest expenses helped the company post the meager profits this year, analysts estimate going through the quarterly disclosures. The ACI board of directors has recommended a 65% cash dividend and 15% stock dividend.

<https://www.tbsnews.net/economy/stocks/aci-returns-profit-after-two-losing-years-323071>

Despite annual losses, Hamid Fabrics stock soared 67% Thursday

The Business Standard, October 29, 2021

- There is a surprising trend, especially in the textile sector, that a company announces a merely decent or even a poor business performance in the latest fiscal year alongside some dividends, and its stock price skyrockets in the very same session, capitalising on there being no circuit breaker.
- Hamid Fabrics Ltd on Thursday informed local stock exchanges that its revenue and profitability dropped in fiscal 2020-21 amid the pandemic disruptions and it posted a Tk1.76 net annual loss against each share with a face value of Tk10, where its profits per share in the previous year stood at Tk0.42.
- The deterioration in the financial performance also dragged its net asset value per share to below Tk38, from over Tk40 a year ago. The company, however, recommended 5% cash dividends from its reserve funds, which was 10% a year ago.
- As per the rules, on the day of the annual corporate disclosure, the company had no limit in its stock price to go higher or lower. On regular trading days, the stock price cannot advance or decline by more than 10% and for larger scrips, the limit is even tighter.

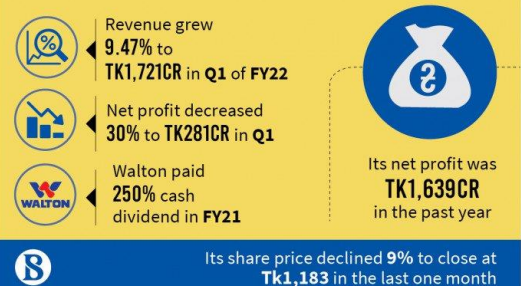
<https://www.tbsnews.net/economy/stocks/despite-annual-losses-hamid-fabrics-stock-soared-67-thursday-322294>

Walton Hi-Tech Park gets 12-year tax exemption

The Business Standard, October 28, 2021

- Bangladesh's electronics giant Walton Hi-Tech Industries Limited has received an exemption from income tax for 12 years. The Bangladesh Hi-Tech Park Authority had earlier recognised the company as a private high-tech park.
- The National Board of Revenue (NBR) has followed the hi-tech park authority's decision and it will help the company get exemption from tax, VAT, and import duty. Walton has built the factory in Gazipur as a high-tech park.
- In the last fiscal year, officials from the high-tech park authority and NBR visited the factory and they were satisfied that the company fulfilled all requirements to get recognition as a private high-tech park. From this fiscal year, Walton will not pay any income tax for the next 12 years as a park developer and investor, which will increase the company's profitability.

WALTON'S FINANCIAL PERFORMANCE



- In the last fiscal year, the company paid Tk215 crore as income tax. According to its unaudited financial report, the company's sales grew 9.47% to Tk1,721 crore but the net profit dropped 30% to Tk281 crore compared to the same quarter a year ago. At the end of the July-September quarter, its earnings per share stood at Tk9.28, down from Tk13.38 a year ago.

<https://www.tbsnews.net/economy/stocks/walton-hi-tech-park-gets-12-year-tax-exemption-322291>

Mamun Agro gets BSEC nod for QIO

Newage, October 30, 2021

- The Bangladesh Securities and Exchange Commission on Thursday allowed Mamun Agro Products Limited to raise Tk 10 crore from the capital market through a qualified investor offer to be listed on the SME platform of the country's stock exchanges. The BSEC made the decision at a commission meeting presided over by its chairman Shibli Rubayat-ul-Islam, a BSEC press release said.
- In accordance with the BSEC (Qualified Investor Offer by Small Capital Companies) Rules, 2018, the company will issue one crore shares at Tk 10 each to eligible investors through the qualified investor offer, it said. The company will utilise the proceeds in building and civil construction, current capital and meeting issue management expenses.
- The regulator also decided that individual investors having investment of Tk 1 crore in the market will be considered as QI. As per nine months of financial statements ended on March 31, 2021, the company's net asset value per share (NAV without revaluation reserve) and earnings per share were Tk 15.25 and Tk 0.98 respectively.
- The company will not be allowed to declare bonus dividend in three years after commencing trading on the SME board. BMSL Investment Limited and Uttara Finance Capital Management Limited are the issue manager of the company.

<https://www.newagebd.net/article/153020/mamun-agro-gets-bsec-nod-for-qio>

Economy & Industry

Bangladesh capital market is much more promising than it seems: UCB Asset Management CEO Rashedul Hasan

The Business Standard, October 30, 2021

- In contrast to many ones' views, investment manager Shekh Mohammad Rashedul Hasan believes the capital market of Bangladesh offers a significant opportunity to sustainably create long-term wealth. "Our Capital market is much more promising than it seems," said Hasan, managing director and chief executive officer (CEO) of a promising new generation asset management firm, UCB Asset Management – a wholly owned subsidiary of the United Commercial Bank
- In a recent exclusive interview with The Business Standard, he said, "People mostly talk about stock market's rise and falls, speculative nature, and suspected manipulation, while as professional investment managers we dig deep into the listed firms that have a decades-long track record of creating above-average wealth for their shareholders."
- The market may go up, remain flat, or go down in a certain period to impact investors' portfolio value. Leaving that apart, the most important thing for long term wealth creation is finding the right industry and business for investment, he observed.
- The best alternative to the savers: Historically, Bangladeshi people are not investors. They instead save for some fixed income or own real estate or gold for asset appreciation. They need better options now as money is cheap and bank deposits are not lucrative anymore, subsidised national savings certificates have already got certain investment limits which is insufficient for wealthy savers. Real estate and gold have no structured market that offers enough liquidity.

<https://www.tbsnews.net/economy/stocks/bangladesh-capital-market-much-more-promising-it-seems-ucb-investment>

BB relaxes stimulus rules for low-income groups

The Daily Star, October 29, 2021

- Bangladesh Bank yesterday relaxed rules over its Tk 3,000 crore stimulus package dedicated for low-income professionals, marginal farmers and micro-enterprises. The latest initiative will encourage banks to disburse loans from the fund in a way such that the groups will subsequently be able to avail the finance efficiently, said a central bank official.
- The stimulus fund is now being given out through banks via microfinance institutions (MFIs) in order to salvage the pandemic-hit clients. As per the new rules, banks will avail the fund from the central bank at a 0.5 per cent interest rate in contrast to the previous 1 per cent.
- The MFIs will get the fund at 3 per cent interest rate against the previous 3.50 per cent, according to a BB notice. This means both banks and non-bank financial institutions (NBFIs) would feel comfortable in disbursing the fund. The central bank had earlier said banks can disburse the fund only through the MFI channel.
- But the latest BB notice said bank would also be able to disburse the fund directly among their clients. In such a situation, borrowers can get the fund at a 7 per cent interest rate. In April last year, the BB unveiled the refinance scheme, which is a revolving fund of three years, for the marginal people to keep them afloat amidst the coronavirus pandemic.

<https://www.thedailystar.net/business/economy/banks/news/bb-relaxes-stimulus-rules-low-income-groups-2209096>

International

G20 leaders endorse global minimum corporate tax deal for 2023 start

The Daily Star, October 31, 2021

- Leaders of the world's 20 biggest economies (G20) will endorse an OECD deal on a global minimum corporate tax of 15 per cent, draft conclusions of the two-day G20 summit showed on Saturday, with a view to having the rules in force in 2023.
- "We call on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting to swiftly develop the model rules and multilateral instruments as agreed in the Detailed Implementation Plan, with a view to ensure that the new rules will come into effect at global level in 2023," the draft conclusions, seen by Reuters, said. The conclusions are to be formally adopted on Sunday.
- In October, 136 countries reached a deal on a minimum tax on global corporations, including internet giants like Google, Amazon, Facebook, Microsoft or Apple to make it harder for them to avoid taxation by establishing offices in low-tax jurisdictions. "This is more than just a tax deal, it's a reshaping of the rules of the global economy," a senior US official told reporters.

<https://www.thedailystar.net/business/global-economy/europe/news/g20-leaders-endorse-global-minimum-corporate-tax>

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BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (2nd Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
E-mail: info@basl-bd.com

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-44611923-24

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06, Block-C
Mirpur, Dhaka - 1216
Phone: +8802-58055449,
48032449

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-1230
Phone: +88-02-48958389,48958371

Banani Branch

Nur Empori, Plot # 77 (1st Floor),
Road No # 11, Banani,
Dhaka-1213
Phone: +88028836155, 8836849

Bijoynagar Extension

Prime Tower (3rd Floor), 180-
181
Dhaka-1213
Phone: +880248318685

Nikunja Branch

DSE Tower, Level 10, Room#
200, Nikunja, Dhaka-1229
Phone: +8809666702070

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

For International Trade & Sales, please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.