



# Daily Business News

## January 20, 2021

BUSINESS NEWS ANALYSIS REPORT

### Capital Market News

#### Insurance shares boom as IDRA asks to comply 60% holding within 1 month

The Insurance Development and Regulatory Authority (IDRA) has asked all insurance companies to comply with minimum shareholding at 60% by sponsors in their respective companies and the companies' minimum paid-up capital to Tk 30-40 crore within one month. IDRA issued letters to the companies on Sunday in this regard. Following this letter, all insurance companies' share prices are booming at the Dhaka Stock Exchange (DSE) on Tuesday.

There are 49 life and non-life insurance companies listed with the DSE. Among them, only five companies have more than 60% shares held by their sponsor-directors. The five companies are Crystal Insurance Company, Dhaka Insurance, Express

Insurance, Reliance Insurance and Bangladesh National Insurance Company. Meanwhile, DSEX, the benchmark index of DSE, rose by 0.26% or 15.53 points to settle at 5,817 till 11:30 am today.

Turnover of the DSE fell by 15% to Tk538.31 crore during the session. Moreover, DSE Shariah index DSES rose 0.05% to 1,294 points and blue-chip index DS30 9.13% to 2,197 points. During this session, 168 companies' share price rose, while 105 issues fell and 75 issues price remained unchanged during the session at the DSE.

<https://tbsnews.net/economy/stock/insurance-shares-boom-idra-asks-comply-60-holding-within-1-month-187990>

#### DSE daily turnover hits one-month low

Stocks edged higher on Tuesday, snapping a two-day losing streak, as bargain hunters showed their appetite on sector specific issues. DSEX, the prime index of the Dhaka Stock

Exchange (DSE), went up by 19.08 points or 0.32 per cent to settle at 5,820, after losing 108 points in the two consecutive sessions.

The DSE 30 Index comprising blue chips also advanced 8.36 points to finish at 2,203. However, the DSE Shariah Index (DSES) fell 2.11 points to close at 1,291. Turnover, a crucial indicator of the market, however, plunged to one-month low to Tk 12.90 billion on the country's premier bourse, slumping by 15 per cent over the previous day's mark of Tk 15.19 billion.

Meanwhile, Energypac Power Generation's trading halted within a few minutes of transaction on the debut trading on Tuesday as investors rushed to buy its shares, but sellers were reluctant. Only five trades were executed at the DSE on the debut trading day with a trading volume of 805 shares as its IPO shares winners were unwilling to sell their stakes hoping for higher profit in future.

The company's share closed at Tk 46.50 each on the DSE, soaring 50 per cent, the highest allowable limit on its offer price of Tk 31 each. Gainers took a modest lead over the losers, as out of 357 issues traded, 181 advanced, 106 declined and 70 remained unchanged on the DSE trading floor.

<https://thefinancialexpress.com.bd/sto-ck/dse-daily-turnover-hits-one-month-low-1611051161>

### **Dhaka Stock Exchange asked to set out 10-year business plan**

The securities regulator has sought a 'comprehensive' business plan of ten years from the Dhaka Stock Exchange (DSE). The regulatory instruction came Tuesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC).

The BSEC commissioner Shaikh Shamsuddin Ahmed presided over the meeting attended by BSEC executive director Mohammad Saifur Rahman, DSE director Md. Shakil Rizvi, DSE managing director (in-charge) Abdul Matin Patwary, among others.

"As per the regulatory instruction, the business plan must include the exchange's target set for operations, IT, human resources, introduction of new products and market monitoring," said the DSE's managing director Mr. Patwary.

He said the comprehensive plan will have to be submitted to the securities regulator after taking their board's approval. "The exchange will have to submit at least a draft of its business plan within January if it takes enough time to complete the comprehensive business plan," said Mr. Patwary. He said the securities regulator wants to know the DSE's target to be achieved in next ten years.

<https://thefinancialexpress.com.bd/sto-ck/dhaka-stock-exchange-asked-to-set-out-10-year-business-plan-1611110412>

### **BSEC to ensure proper distribution of dividends**

The Bangladesh Securities and Exchange Commission (BSEC) has ordered issuers to maintain detailed information on shareholders in a bid to ensure the proper distribution and utilisation of dividends. This includes information on a shareholder's BO account and bank account as well as their mobile phone number, email and home address.

The information must be updated at least once a year, according to the BSEC order issued recently. The Central Depository of Bangladesh will provide such information to the issuer for the purpose of proper distribution of cash or stock dividends, it said. At present, undisbursed dividends amounting to around Tk 21,000 crore remains idle in the accounts of listed companies. Prof Shibli Rubayat Ul Islam, chairman of the BSEC, recently said the amount would be given to the Investment Corporation of Bangladesh (ICB) as a stabilizing fund.

The listed companies shall pay off the annual or final dividend within 30 days of approval. Within ten days of declaration of cash dividends, an amount equivalent to the declared dividend payable for the concerned year shall be kept in a separate bank account dedicated for this purpose. It should be paid off directly to the bank account of the entitled shareholders as available in the BO account maintained with the depository participant.

The listed companies, upon receiving the claim on cash dividend from a stock broker or merchant bank for the margin client who has debit balance or margin loan, shall be paid to the consolidated customers' bank account of the stock broker or separate bank account of the merchant bank.

<https://www.thedailystar.net/business/news/bsec-ensure-proper-distribution-dividends-2030777>

## **Economy News**

### **Govt appoints PwC as consultant to launch 2nd satellite**

Bangladesh Satellite Company Limited on Tuesday assigned multinational consultancy firm PricewaterhouseCoopers Advisory as consultant with a view to launching the country's second satellite by the year 2023. The BSCL has taken the initiative in three years of launching the country's first satellite with a large portion of the first satellite's capacity still remaining unutilised.

The BSCL, formed to maintain operations of the country's satellite, signed an agreement with France-based PwC at an event held at its office in Dhaka. PwC's consultancy would cost \$1.85 lakh and the entity would suggest which specifications in the next satellite would be required for Bangladesh and where from the satellite could be procured. BSCL managing director Shahriar Ahmed Chowdhury and PwC Space Practice Leader partner Luigi Scatteia signed the agreement virtually.

Posts and telecommunications minister Mustafa Jabbar, secretary Md Afzal Hossain, Bangladesh Telecommunication Regulatory Commission chairman Shyam Sunder Sikder and BSCL chairman Shahjahan Mahmood were present. The BSCL had received responses from 22 firms initially after floating tender in this regard.

Later, the entity selected seven entities, including PwC, and asked them to submit their final proposals. Of the seven, four entities submitted their final proposals to do the job. Shahjahan said the country's first satellite is a communication satellite and the satellite would be enough to fulfil the country's communication-related needs. It is required to have

satellites with other facilities for the sake of the country, he said.

PwC has been given three months to submit its report to the BSCL and then the report would be forwarded to the government for the final decision, he said. Mustafa Jabbar said that the appointment of PwC as the consultant would make their task easy to deploy another satellite of Bangladesh in space.

Launching another satellite would multiply the country's capacity in space, he said. The country launched its first satellite in May 12, 2018 at the cost of Tk 2,702 crore.

Before the launch of the satellite, the then BTRC chairman and now BSCL chairman Shahjahan had mentioned that the country's investments would be realised in seven years and the project would be profitable in seven years. In reply to a query, Shahjahan on Tuesday said that a large portion of the country's first satellite was yet to be utilised. 'We have refrained from renting the satellite's capacity to foreign users and we are focusing on exploring the domestic market,' he said.

The BSCL chairman said that the rate of satellite's capacity rent had dropped drastically for the last nine years as the launching of satellites had increased dramatically in the period. The first satellite, named after the country's founding president, Sheikh Mujibur Rahman, contains 14 C-band and 26 Ku-band transponders each having capacity of 36 megahertz bandwidth.

<https://www.newagebd.net/article/127701/govt-appoints-pwc-as-consultant-to-launch-2nd-satellite>

## Industry News

### Bangladesh Bank projects V-shaped recovery

A V-shaped recovery is characterised by a quick and sustained recovery in

measures of economic performance after a sharp economic decline. With lingering pandemic in the backdrop, the Bangladesh Bank targets an ambitious 8.2% economic growth for the current fiscal year, accompanied by a V-shaped recovery. The successful and timely implementation of the stimulus packages will help the economy rebound strongly, the central bank said in the 2019-20 annual report published yesterday.

A V-shaped recovery is characterised by a quick and sustained recovery in measures of economic performance after a sharp economic decline. The Bangladesh economy was expanding at an accelerated growth supported by broad-based economic activities until February last year, according to the report. The country achieved a record 8.15% growth, the highest in the Asia-Pacific region, in the fiscal year 2019.

But economies around the globe ground to a halt by March 2020 and the confirmation of local cases of infection hindered the goal of achieving the GDP growth of 8.2% in fiscal year 2020. According to the provisional estimate by BBS, Bangladesh's real GDP growth of the fiscal year was recorded at 5.2%.

The subdued growth was still the highest in the South Asian region. Earlier in October last year, the World Bank forecast U-shaped recovery for Bangladesh, saying that it would be realised if the government spent proactively and could tap international resources. U-shaped recoveries happen when a recession occurs and the economy does not immediately bounce back but tumbles along the bottom for a few quarters.

BB's projection of this fiscal year goes in line with the current economic indicators. For example, energy consumption, a key parameter linked to economic growth, crossed the pre-pandemic level.

The consumption of fuel oil, electricity, and gas dipped in April last year after a countrywide shutdown had

been put in place to contain the contagion, and it started picking up with the gradual reopening of businesses in May.

Fuel oil consumption that fell to 6,000 tonnes per day during that time has now gone up to 14,000 tonnes, higher than the average consumption of 13,500 tonnes before the pandemic. The use of electricity jumped to 700 crore kilowatt-hour (kWh) and gas use exceeded 250 crore cubic feet a month -- both above their pre-pandemic levels, a finance ministry paper showed.

In the latest monetary policy review report, the central bank expected that the second wave of the pandemic would not harm the economy severely.

Besides, the vaccine rollout will have a positive impact on the global as well as local economy. The BB report said it took a series of timely and appropriate initiatives, such as stimulus packages of more than Tk 1.21 lakh crore, policy relaxations, and low-cost refinancing schemes to support weaker segments of the economy and to ensure sufficient liquidity in the banking system

That helped Bangladesh remain at the forefront among the South Asian economies. It attained 5.2% growth in FY20, while the growth rates of India, Pakistan, and Sri-Lanka are expected to be negative in 2020. The industry and service sectors have also been boosted by supportive policy measures of the government and the BB.

The industry sector has demonstrated a magnificent turnaround with a faster-than-expected growth of 7.94% in the first quarter of fiscal 21, according to the Quantum Index of Industrial Production (QIIP), a gauge of measuring the contributions of various industrial sectors to the economy. Mostly, the manufacturing sector led by apparel, textile, pharmaceuticals, non-metallic mineral product, leather and related products and chemical production spurred the

QIIP. The services sector also climbed out of the grave induced by the pandemic. Cargoes handled by the Chattogram port started increasing sharply after May 2020 and came back to the pre-pandemic level in November 2020, according to the BB report.

<https://tbsnews.net/economy/bangladesh-bank-projects-v-shaped-recovery-188395>

### **Intracompany external borrowing made easy for foreign firms**

The Foreign Exchange Policy Department of the Bangladesh Bank on Tuesday eased the rules on availing short-term working capital loans by foreign-owned companies from their parent companies or shareholders abroad. The central bank's Foreign Exchange Policy Department issued a circular in this regard on the day.

Under the revised rules, short-term borrowing will also be admissible for industries engaged in service output activities. Earlier, the facility was available only for manufacturing companies. Trading activities, however, will not come under the purview of the new rules, the circular noted.

The companies concerned can avail short-term working capital loans from their parent companies or shareholders abroad for up to six years from the date of inception of manufacturing and service output activities. The eligible period was three years earlier. The maximum rate of interest was set at 3 per cent in case of the loan received in convertible foreign currency.

As per a circular issued in 2019, the interest must be cleared on loan proceeds in taka at three-month term deposit rate. Repayment of the loan was remittable after conversion of the taka amount of the principle and interest, earlier circular stated.

An official of central bank said that the BB had continuously been updating regulations to facilitate businesses, including foreign investment. The

new rules will help to widen access to short-term external loans for foreign-owned or controlled companies

<https://www.newagebd.net/article/127702/intracompany-external-borrowing-made-easy-for-foreign-firms>

## **Company News**

### **Royal Enfield bikes may hit Dhaka roads soon**

Bikers in Bangladesh are one step closer to ride a high-capacity motorcycle after Ifad Autos signed a memorandum of understanding with British-bred Royal Enfield to import the famous two-wheelers. Founded in 1955, Royal Enfield is one of the world's oldest two-wheeler brands still in operation. Since 1994, it has been owned by India's Eicher Group.

Ifad Autos will market the bikes of Royal Enfield, said Taskeen Ahmed, managing director of Ifad Autos. The local company is the distributor of India's TVS-branded motorcycles and the commercial vehicles of Ashok Leyland. However, the government has to change rules to allow the import of high-capacity bikes. Currently, bikes with a capacity of up to 165cc can be imported, according to the Import Policy Order 2015-2018 of Bangladesh.

Royal Enfield makes motorbikes in the mid-segment market with a capacity of 250cc to 750cc, according to a news article of the BBC. Bike manufacturers and assemblers have requested the government to allow them to manufacture up to 500cc motorcycles for the export market. The government has said it would allow them to make bikes of up to 350cc, Ahmed said. Ifad Autos is thinking of manufacturing high-capacity bikes to keep the price within the buying power of consumers. Royal Enfield bike will cost Tk 3.5 lakh to Tk 4 lakh.

Some 500,000 units of motorcycles are sold in Bangladesh every year. Of them, 35,000 are high-end. The demand for high-end motorcycles will increase gradually in Bangladesh as the economy is growing and per capita income is rising, he said.

In August 2018, the government gave the go-ahead to Runner Automobiles to import raw materials and components to make motorcycles with a capacity of 165cc to 500cc. Royal Enfield is expanding aggressively as it aims to tap into the world's biggest motorbike-buying market in Asia, according to the BBC. Recently, it announced plans to open a new factory in Thailand. Sales for Royal Enfield grew 88 per cent across the region in 2019.

<https://www.thedailystar.net/business/news/royal-enfield-bikes-may-hit-dhaka-roads-soon-2030801>

### **Runner to bring KTM motorcycles**

The famed KTM motorcycles will be available in Bangladesh from January 25, thanks to Runner Automobiles. In early August 2020, the Runner announced an agreement with Bajaj Auto that part-owns the Austrian bike brand to become its authorised distributor. Initially models Duke 125 and RC 125 will be launched. According to him, around 15 per cent of current motorcycle sales in Bangladesh were of the premium segment and their target was to acquire an around 4 per cent market share.

Now, the annual demand for motorcycles is around 500,000 units and from the premium segment it is around 35,000 units.

Runner is even committed to make spare parts and after sales service available for the consumers. Runner, which already has its own line of motorcycles and also markets American brand UM and Italian brands Vespa and Aprilia, has started the process for upgrading its assembly plant in Bhaluka of Mymensingh for

which KTM motorcycles were to be made available from this month.

Japanese companies Yamaha and Suzuki are also selling premium motorcycles in Bangladesh. The current market share of premium motorcycles is about 15 per cent whereas it was only 5 per cent just four years ago. Just two years ago, Bangladesh was dependent on imports to meet 95 per cent of its demand for motorcycles.

But the situation has completely reversed: today, about 96 per cent of the two-wheelers plying on the roads are either locally manufactured or assembled, according to the industry people. Seven firms -- Japanese brands Honda, Suzuki and Yamaha,

India's Bajaj, TVS and Hero, and Runner Automobiles of Bangladesh -- have made the country almost self-sufficient in motorcycle manufacturing or assembly in the fast-growing market.

Operators now predict that the market would grow manifold in the next two-three years because of rising incomes, steady growth of the economy and favourable policy and tariff structures despite the pandemic hampering production and sales in the last four months.

About 1,600 motorcycles are sold every day in the country, nearly doubling from 900 in 2016, according to market players. In 2018, about 480,000 motorcycles were sold, up

from 387,000 in 2017 and 270,000 in 2016.

Bajaj is the market leader with a 40 per cent share. It sold about 2.25 lakh units in 2018. It churns out 12,000 units per day at its Zirani factory in Savar. Bajaj Auto, the world's third-largest motorcycle manufacturer and second-largest in India, originally acquired a 14 per cent stake in KTM in 2007 and has subsequently raised it to 48 per cent. Currently, it exclusively manufactures the Duke range of KTM motorcycles.

<https://www.thedailystar.net/business/news/runner-bring-ktm-motorcycles-2030785>

## Price Sensitive News

Trading Code: PENINSULA

News Title: PENINSULA: Buy Declarations of a Sponsor Director

News: Ms. Ayesha Sultana, one of the Sponsor Directors of the Company, has expressed her intention to buy 2,00,000 shares of the Company at prevailing market price (in the Public Market) through Stock Exchanges (DSE) within next 30 working days.

Post Date: 2021-01-20

Trading Code: PENINSULA

News Title: PENINSULA: Buy Declarations of a Sponsor

News: Engineer Mosharraf Hossain, one of the Sponsors of the Company, has expressed his intention to buy 3,00,000 shares of the Company at prevailing market price (in the Public Market) through Stock Exchanges (DSE) within next 30 working days.

Post Date: 2021-01-20

Trading Code: EASTRNLUB

News Title: EASTRNLUB: Update of Information

News: (Continuation news of EASTRNLUB): along with the name of the contact person to the Company's share office (Padma Bhaban, Strand Road, Sadarghat, Chattogram-4000) on or before February 04, 2021. The brokerage houses are also requested to provide their bank account name and number, routing number etc. (end)

Post Date: 2021-01-20

Trading Code: EASTRNLUB

News Title: EASTRNLUB: Update of Information

News: The Company has requested the concerned Brokerage Houses to provide the statement of their margin loan holders with the details (shareholder's name, BO ID Number according to BO serial, client wise shareholding position, gross dividend receivables, applicable tax rate and net dividend receivables) who hold the shares of the Company, as on the record date i.e. 20.01.2021, through e-mail address share@pocl.gov.bd in Excel format followed by hard copy(cont.)

Post Date: 2021-01-20

Trading Code: MPETROLEUM

News Title: MPETROLEUM: Q2 Financials

News: (Q2 Un-audited): EPS was Tk. 5.70 for October-December 2020 as against Tk. 6.19 for October-December 2019; EPS was Tk. 12.24 for July-December 2020 as against Tk. 13.75 for July-December 2019. NOCFPS was Tk. 46.14 for July-December 2020 as against Tk. 42.67 for July-December 2019. NAV per share was Tk. 160.46 as on December 31, 2020 and Tk. 148.21 as on June 30, 2020.

Post Date: 2021-01-20

Trading Code: ACI

News Title: ACI: Dividend Disbursement

News: (Continuation news of ACI): their Dividend Warrants from Share Office at 9 Motijheel C/A, Dhaka- 1000, from 19 and 21 January 2021 during 10:00 AM to 4:00 PM. The remaining Dividend Warrants will be distributed through courier service to the registered mailing address of the respective Shareholders. (end)

Post Date: 2021-01-20

Trading Code: ACI

News Title: ACI: Dividend Disbursement

News: The Company has informed that the cash dividend including sales proceeds of fractional bonus share for the year ended on June 30, 2020 to the respective shareholders' Bank Accounts through BEFTN system. The shareholders bearing folio number and BO holders with non-compatible BEFTN accounts are requested to collect (cont.)

Post Date: 2021-01-20

Trading Code: ACIFORMULA

News Title: ACIFORMULA: Dividend Disbursement

News: The Company has informed that it has disbursed the cash dividend for the year ended on June 30, 2020 to the respective shareholders' Bank Accounts through BEFTN system. The undistributed dividend, if any, (due to non-compatible BEFTN account/absent of routing number in the BO setup) dividend warrant will be distributed through courier service to the registered mailing address of the respective Shareholders.

Post Date: 2021-01-20

Trading Code: KEYACOSMET

News Title: KEYACOSMET: Approval of 1% cash dividend instead of 2% stock Dividend

News: The Company has informed that The Board of Directors and Shareholders of the Company has approved 1% cash dividend instead of earlier declared 2% stock dividend for all shareholders for the year ended on June 30, 2020 in their 24th AGM which was held on January 19, 2021.

Post Date: 2021-01-20

Trading Code: RINGSHINE

News Title: RINGSHINE: Further extension of Lay Off period

News: The Company has informed that the Board of Directors has decided to extend further the Lay Off of the factory at DEPZ from December 25, 2020 to January 23, 2021.

Post Date: 2021-01-20

Trading Code: BEACHHATCH

News Title: BEACHHATCH: Board Meeting schedule under LR 16(1)

News: As per Regulation 16(1) of the Dhaka Stock Exchange (Listing) Regulations, 2015, the Company has informed that a meeting of the Board of Directors will be held on January 21, 2021 at 4:30 PM to consider, among others, un-audited financial statements of the Company for the First Quarter (Q1) period ended on September 30, 2020.

Post Date: 2021-01-20

Trading Code: CVOPRL

News Title: CVOPRL: Board Meeting schedule under LR 16(1)

News: As per Regulation 16(1) of the Dhaka Stock Exchange (Listing) Regulations, 2015, the Company has informed that a meeting of the Board of Directors will be held on January 25, 2021 at 3:30 PM to consider, among others, un-audited financial statements of the Company for the Second Quarter (Q2) period ended on December 31, 2020.

Post Date: 2021-01-20

# Daily Business News

## UFCML Research Team

Contact:

**Rishad Reza Nur**

Analyst

Mob: 01715551555

Email: rishad\_reza@outlook.com

## UTTARA FINANCE CAPITAL MANAGEMENT LIMITED

Jibon Bima Tower (6 th Floor),

10 Dilkusha C/A,

Dhaka-1000, Bangladesh.