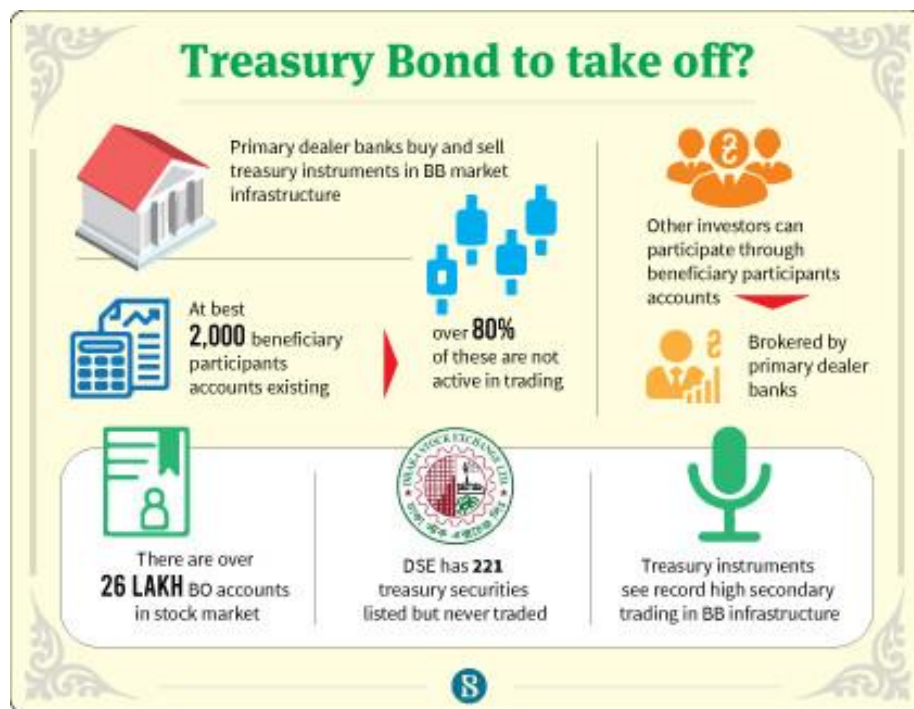




**UTTARA FINANCE**  
CAPITAL MANAGEMENT LIMITED



BUSINESS NEWS ANALYSIS REPORT

## Capital Market News

### How far are T-bonds from stock exchanges?

Had the initiatives continued to move at a pace as in 2019, the government's treasury bonds could now have been traded in the stock exchanges. During the last one and a half years, the revenue authorities have removed major fiscal barriers identified by a committee, but potential investors are yet to get T-bills and bonds ready to be traded at the bourses. The reality is – money and capital market regulators are still discussing which operational model would be fit for making T-bonds tradable in stock exchanges.

The 2019 plan seems to suffer the same old bottleneck – divergence of opinion from the two regulators.

However, some developments over the recent months are increasing investors' hope for a liquid market of the most reliable debt securities, which are yielding more than other fixed-income alternatives. "Some 95% of work has already been done to build a vibrant secondary market for treasury securities. We are hopeful to see the remaining policy tasks done sooner and get the desired market," Bangladesh Security Exchange Commission (BSEC) Commissioner Professor Shaikh Shamsuddin Ahmed told The Business Standard.

### The existing market for treasury bonds

Currently, there are 264 outstanding treasury bonds worth over Tk2.5 lakh crore, with 2-20 year tenures, while the market for treasury bills offering lower returns due to their less than one year tenure is much bigger. Unlike other

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2021

countries, the market is extremely concentrated within the interbank ecosystem under the Market Infrastructure (MI) Module of the Bangladesh Bank.

Banks mainly participate in the secondary buying-selling of treasury bonds and the trading turnover increased to a record high in December as the banking industry's liquid assets have nearly doubled in a year.

Also, any investor other than banks can participate in the trading through their treasury bond investment accounts, known as Beneficiary Participants (BP) accounts. The treasury operation department of banks acts as the facilitator of the trades in the central bank platform.

Last year, there were 2,000 BP accounts at best of which more than 80 were not active in treasury bond trading, which indicates the

treasury bond market's detachment with public investors, while there are over 26 lakh Beneficiary Owner (BO) Accounts in the stock market.

Meanwhile, the Dhaka Stock Exchange (DSE) got 221 treasury bonds and bills listed in its debt board over one and a half decades ago, but there was no second trade since the debut. The cost of secondary market trading of the big-ticket instruments was the main reason behind that.

Based on the 2019 recommendations of a tripartite committee of the DSE, the BSEC and the Bangladesh Bank, the government has already paved the way for reducing the trading costs significantly through tax rationalisation.

The committee also recommended that treasury securities enjoy zero fees against their listing and delisting on the bourse, along with the recommendation for mandatory automatic listing of all the upcoming treasury bills and bonds.

### **The remaining work**

How the treasury securities can be widely tradable still remains a subject to decide on.

According to the latest documents that the BSEC sent to the Bangladesh Bank and the Ministry of Finance a month ago, several market models are being discussed for a mass secondary market of treasury bonds.

A technical committee presentation discussed the pros and cons of each of the models.

The main options are BA ID-based public trading and BO-ID Based exchange trading.

It appears that the Bangladesh Bank prefers that secondary trading of treasury securities remains ultimately within its own platform - the market infrastructure (MI) Module, which will integrate with the stock exchanges' system.

On the other hand, the capital market institutions prefer exchange trading through the BO IDs, like the trading of listed company shares.

Both the proposed models need to go through problem-solving and IT infrastructure building tasks.

### **Which one would be better?**

"The existing market infrastructure of the Bangladesh Bank is inefficient and not investor-friendly," said Asif Khan, CFA, managing partner of Edge Research & Consultancy and Edge Asset Management Ltd. While a BO account opening takes only a day, the BP ID opening takes weeks.

"Most importantly, we have to open the BP IDs through the treasury department of a bank and there lacks the brokerage service like we are getting from the brokers at the bourses," he said. Due to the lack of liquidity in the central bank platform, investors actually need to ask for a price quotation from their respective banks if they need to sell a treasury bond and in most cases, they have to sacrifice fair market prices.

Investors need the ease to instantly buy or sell, said Khan, who himself opened a BP account as he is respectful about the risk-free return from treasury bonds. The banking industry is too underprepared to serve investors in trading treasury securities and the central bank is pushing for capacity building, said

another CFA Charterholder Nazmul Ahsan, working as the head of Treasury Operations at Midland Bank Ltd.

<https://tbsnews.net/economy/stock/how-far-are-t-bonds-stock-exchanges-208027>

### **DSE key index exceeds 5,400-mark again**

Stocks ended higher for the two straight sessions on Thursday, with the key index of the major bourse crossing the 5,400-mark again, as bargain hunters were active on sector-wise lucrative issues. The market witnessed volatility in the first half of the session, but the latter half went up steadily as optimistic investors showed their appetite on sector-specific issues which saw price erosion in the past few days.

DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 30.74 points or 0.57 per cent to settle at 5,416. DSEX added about 97 points in the two consecutive sessions. Two other indices also edged higher. The DSE 30 Index comprising blue chips advanced 9.42 points to finish at 2,065 and the DSE Shariah Index (DSES) rose 5.18 points to close at 1,225. Turnover, a crucial indicator of the market, jumped to Tk 7.46 billion on the country's premier bourse, rising by nearly 41 per cent over the previous day's mark of Tk 5.30 billion.

Market operators said bargain hunters showed their buying appetite on sector-specific issues which saw price erosion in the past few trading sessions. The news that the stock market regulator has formulated draft rules on the formation and execution of capital market stabilisation fund lured the

investors to take a position on lucrative stocks, said a leading broker.

The top positive index contributors were Summit Power, Walton, LafargeHolcim, Orion Pharma, Power Grid Company, BATBC and Square Pharma, according to data from amarstock.com, a stock market data analyst. Debutant eGeneration, an IT company, was the second-highest gainer, hitting the upper limit circuit breaker for the third straight session.

The IT Company's shares closed at Tk 24.70 each, soaring almost 10 per cent, the highest allowable limit for the third trading day of the new issue. Robi's shares rose further by 4.04 per cent to close at Tk 43.70.

Gainers took a strong lead over the losers as out of 346 issues traded, 168 advanced, 63 declined and 115 remained unchanged on the DSE trading floor. Beximco continued to dominate the turnover chart with shares worth over Tk 1.24 billion changing hands followed by Robi, LankaBangla Finance, BATBC and Summit Power.

<https://thefinancialexpress.com.bd/stock/dse-key-index-exceeds-5400-mark-again-1614249253>

### **Preference shares start enticing investors**

Individual investors are now showing interest in preference shares as reflected in the closing of a debt instrument subscription. People familiar with the development said high returns and tax benefit were the main reasons for the interest.

The City Bank has recently issued preference shares to raise Tk 1.49 billion (149 crore) for two power projects -- Confidence Power

Bogura Unit 1 and Unit 2. Individuals invested in 23 per cent shares and institutions 77 per cent.

Preference shares are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued. Most preference shares have fixed dividends on a yearly basis, and in such investment, the investors get priority if the company goes into liquidation.

The City Bank Capital Resources Limited, a merchant bank, was the arranger of the fund. The rate of dividend for the Unit-2 is 12 per cent and for the Unit-1 is 10.5 per cent, according to the fund arranger.

<https://thefinancialexpress.com.bd/stock/preference-shares-start-enticing-investors-1614394327>

### **BSEC asks DSE, CDBL to comply with WPPF law**

Based on an audit objection from the Commercial Audit Directorate, the Bangladesh Securities and Exchange Commission (BSEC) has asked the Dhaka Stock Exchange (DSE) and Central Depository Bangladesh Ltd (CDBL) to comply with the relevant provision of Labour Act 2006 which says profitable companies have to share their annual profits with their employees.

In its letter on Thursday, the capital market regulator asked the two bourses and the depository company to accomplish the tasks regarding the compliance, if it is yet to be done, and report to the BSEC within the next three working days.

Managing directors of each of the three organisations have received the letter. Of them, Chittagong

Stock Exchange (CSE) has already given 5% of its last fiscal year's net profit to the Workers Profit Participation Fund (WPPF).

According to the Commercial Audit Directorate's letter to the BSEC, the DSE has set aside Tk2.66 crore payable to its WPPF for the 2019-20 fiscal year but did not disburse it yet. This is because the DSE is waiting for an opinion from the government whether the stock exchange is eligible for exemption from complying with WPPF related law, similar to what the country's banks are enjoying.

DSE employees received their profit shares from the 2014-15 fiscal year to the 2018-19 fiscal year. On the other hand, CDBL employees have been deprived of Tk19.77 crore in their shares in the company's annual profits over years, according to the Commercial Audit Directorate.

A former employee had filed a case against CDBL in this regard and won in the lower court but the firm filed an appeal petition which is now under the High Court's consideration. In its letter to the BSEC, the Commercial Audit Directorate said according to the Labour Act the two stock exchanges and the depository company must share 5% of their annual profits with their employees.

<https://tbsnews.net/economy/stock/bsec-asks-dse-cdbl-comply-wppf-law-208414>

## **Industry News**

### **Textiles fumble as cotton prices fly high**



As cotton and yarn prices keep rising on the back of global production shortfall and speculations, it is having a nervous knock-on effect on the Bangladesh textile industry – from spinners to fabric makers to both domestic and export-oriented readymade garment producers. Production cost has gone up considerably for them with varied impacts.

Export-oriented factories cannot make ends meet as global apparel prices are still depressed although orders are aplenty. Higher yarn cost is putting many out of competition and some have slashed production. For fabric and apparel manufacturers for the local market, it is a question of hiking their prices or perishing but with the economic recovery still soft, that slashes their sales figures.

Small spinners are losing hope as the price of cotton – their main raw material – spirals out of reach. While a factory in Bangladesh imported 30 count yarn from India at \$3 a kg last year, it has to pay \$4.1 per kg this year. Unlike big spinners who maintain offices in Singapore to buy cotton from the futures market and hedge themselves from future volatility, these small spinners – mostly feeding the domestic apparel demand – find it a losing battle.

<https://tbsnews.net/economy/industry/textiles-fumble-cotton-prices-fly-high-206974>

## Economy News

### UN recommends Bangladesh's graduation from LDC category

The United Nations Committee for Development Policy (CDP) has recommended Bangladesh's graduation from the LDC (least developed country) category. The recommendation came at the CDP's triennial review on the LDC category in the early hours of Saturday, as the country had met all three criteria in the last three years.

Now the CDP recommendation needs to be approved by the UN Economic and Social Council, and then placed before the UN General Assembly for getting the final nod as a non-LDC country. As per the system Bangladesh may get the final nod from the UN in 2024, but will get it in 2026 as the government has sought two more years to graduate from the LDC status due to the pandemic.

According to the UN criteria, a country must excel in at least two of the three criteria in two consecutive triennial reviews to be considered for the graduation. As per the UN's graduation threshold, the GNI (Gross National Income) per capita of an aspiring country has to be US\$1,222 or above.

Bangladesh's GNI per capita is now \$1,827 - well above the ceiling. The per capita income was \$1,324 during the last triennial review in 2018. In terms of the HAI, a country must have a score of 66 or above. Bangladesh has performed better than it did in 2018, as its score increased to 75.4 from 73.4.

The HAI is an indicator of nutrition, health, adult literacy and secondary school enrolment rate. In the EVI criterion, a country's score has to be below 32. Bangladesh's score is now 27.0 against 27.8 three years ago in 2018.

<https://thefinancialexpress.com.bd/economy/un-recommends-bangladeshs-graduation-from-ldc-category-1614406229>

## Company News

### Walton plans fresh \$640m investment

Walton Hi-Tech Industries Ltd is going to make a fresh investment of \$640 million, equivalent to Tk 5,440 crore, to expand facilities to produce and increase export of electrical and electronic goods. The company has already submitted its plan to the Bangladesh Economic Zones Authority (Beza), seeking 300 acres of land at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram. The investment will be made over a period of eight years and would be comprised, in equal parts, of retained earnings and long-term bank loans. The group plans to borrow from domestic and foreign banks.

Walton would sit to plan out the number of products to be manufactured and make an announcement at the stock exchange. Among them will be home appliances such as refrigerator, freezer, air-conditioner, compressor and television alongside cables and automobile components. Now Walton has an over 20,000-strong workforce in 22 production bases on 680 acres of factory area at Chandra, Gazipur. Its yearly production capacity is 10 million units.

When it comes to professional manufacturing of electrical and electronic goods, Walton has truly

turned into a giant, gaining a reputation on providing competitive prices and ensuring a presence in more than 20 countries. The Walton managing director hopes the second unit would widen its global footprint.

Walton set up its first manufacturing plant in 2008, and

in 2016, it started manufacturing one vital component of refrigerators, compressors. The proposal said all manufacturing machinery would be imported from countries, including Japan, China, Italy, Korea, Belgium, Turkey, Austria, Germany and the US.

<https://www.thedailystar.net/business/news/walton-plans-fresh-640m-investment-2052241>

## Price Sensitive News

Trading Code: NPOLYMAR

News Title: NPOLYMAR: Rights share Credited on BO Accounts

News: The Company has informed that it has credited Rights shares to the respective shareholders' BO accounts on February 28, 2021.

Post Date: 2021-02-28

Trading Code: CAPMIBBLMF

News Title: CAPMIBBLMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.96 per unit on the basis of current market price and Tk. 11.45 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 732,511,643.04 on the basis of current market price and Tk. 765,625,791.67 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: CAPMBDBLMF

News Title: CAPMBDBLMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.62 per unit on the basis of current market price and Tk. 11.63 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 532,544,788.88 on the basis of current market price and Tk. 583,222,475.23 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: SEMLFBSLGF

News Title: SEMLFBSLGF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 11.77 per unit on the basis of current market price and Tk. 11.85 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 858,599,121.94 on the basis of current market price and Tk. 864,082,546.32 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: SEMLIBBLSF

News Title: SEMLIBBLSF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.80 per unit on the basis of current market price and Tk. 11.72 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 1,079,749,660.03 on the basis of current market price and Tk. 1,171,638,849.97 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: SEMLLECMF

News Title: SEMLLECMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 11.07 per unit on the basis of current market price and Tk. 12.33 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of

the Fund stood at Tk. 553,624,043.50 on the basis of current market price and Tk. 616,338,639.75 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: VAMLRBBF

News Title: VAMLRBBF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.22 per unit on the basis of current market price and Tk. 10.99 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 1,622,203,050.51 on the basis of current market price and Tk. 1,745,126,252.88 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: VAMLBDMF1

News Title: VAMLBDMF1: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 11.41 per unit on the basis of current market price and Tk. 11.54 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 1,190,077,813.46 on the basis of current market price and Tk. 1,204,320,474.57 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: ATCSLGF

News Title: ATCSLGF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 11.55 per unit on the basis of current market price and Tk. 11.80 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 713,728,076.00 on the basis of current market price and Tk. 729,286,625.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: ABB1STMF

News Title: ABB1STMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.99 per unit on the basis of current market price and Tk. 11.83 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 2,627,431,582.00 on the basis of market price and Tk. 2,829,142,695.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: EBLNRBMF

News Title: EBLNRBMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 11.11 per unit on the basis of current market price and Tk. 11.06 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 2,491,618,472.00 on the basis of market price and Tk. 2,481,332,536.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: PHPMF1

News Title: PHPMF1: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.93 per unit on the basis of current market price and Tk. 11.17 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 3,080,043,869.00 on the basis of market price and Tk. 3,148,417,861.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: POPULAR1MF

News Title: POPULAR1MF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.99 per unit on the basis of current market price and Tk. 11.50 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 3,287,204,657.00 on the basis of market price and Tk. 3,440,610,993.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: FIRSTFIN

News Title: FIRSTFIN: Date of pending 26th AGM

News: The Company has informed that the pending 26th AGM for the year ended on December 31, 2018 will be held on March 21, 2021 at 11:30 AM. The AGM will be held on virtually by using Digital Platform. Record Date for pending 26th AGM was 23.07.2019 (Same as before). The Honorable High Court Division in Company Matter No. 236/2020 has allowed twelve weeks for holding AGMs for the year ended on December 31, 2018 along with the subsequent AGM for the year ended on December 31, 2019 starting from February 23, 2021.

Post Date: 2021-02-28

Trading Code: EXIM1STMF

News Title: EXIM1STMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 11.14 per unit on the basis of current market price and Tk. 11.36 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 1,596,191,621.00 on the basis of market price and Tk. 1,626,709,786.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: FBFIF

News Title: FBFIF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.95 per unit on the basis of current market price and Tk. 11.01 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 8,502,378,279.00 on the basis of market price and Tk. 8,541,514,280.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: 1JANATAMF

News Title: 1JANATAMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.95 per unit on the basis of current market price and Tk. 11.53 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 3,175,842,314.00 on the basis of market price and Tk. 3,342,509,391.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: SALVOCHEM

News Title: SALVOCHEM: Credit Rating Result

News: Credit Rating Information and Services Limited (CRISL) has rated the Company as "BBB+" in the long term and "ST-3" in the short term along with a stable outlook in consideration of its audited financials up to June 30, 2020, unaudited financials up to December 31, 2020 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Post Date: 2021-02-28

Trading Code: IFIC1STMF

News Title: IFIC1STMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.82 per unit on the basis of current market price and Tk. 11.23 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 1,970,175,390.00 on the basis of market price and Tk. 2,045,257,827.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: TRUSTB1MF

News Title: TRUSTB1MF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 11.24 per unit on the basis of current market price and Tk. 11.34 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of the Fund stood at Tk. 3,412,702,384.00 on the basis of market price and Tk. 3,443,650,915.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

Trading Code: EBL1STMF

News Title: EBL1STMF: Weekly NAV

News: On the close of operation on February 25, 2021, the Fund has reported Net Asset Value (NAV) of Tk. 10.88 per unit on the basis of current market price and Tk. 11.27 per unit on the basis of cost price against face value of Tk. 10.00 whereas total Net Assets of

the Fund stood at Tk. 1,574,726,715.00 on the basis of market price and Tk. 1,631,210,476.00 on the basis of cost price after considering all assets and liabilities of the Fund.

Post Date: 2021-02-28

# 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.