



Daily Business News

August 19,
2021

BUSINESS NEWS ANALYSIS REPORT

Capital Market News

Stock market snaps a four-day winning streak

The stock market saw a moderate correction Wednesday, snapping a four-day winning streak, as risk-averse investors opted for booking profits on quick-gaining stocks. The market opened higher and the key index of the Dhaka bourse crossed 6,800-mark in early trading, but late hours profit booking sell-offs wiped out the early gains. DSEX, the key index of the Dhaka Stock Exchange (DSE), went down by 15.31 points or 0.22 per cent to settle at 6,771, after gaining 170 points in the past four consecutive sessions.

Market analysts said the investors are taking their profits as the market has remained bullish for the last few weeks. The index reached a record high since its inception more than eight years back in 2013 on Tuesday with many stocks gaining by 10 to 15 per cent in the last month. The DSE Shariah Index (DSES) also shed 2.77 points to close at 1,466. However, the DS30 index, a group of 30 prominent companies, advanced 4.65 points to settle at 2,426.

Turnover, a crucial indicator of the market, stood at Tk 24.65 billion on the country's premier bourse, which was 7.78 per cent lower than the previous day's turnover of Tk 26.73 billion.

The average daily turnover maintained above Tk 24 billion in the last 11 consecutive sessions on

the DSE as both the high net worth individual and institutional investors were active on the trading floor. Top negative index contributors were Robi Axiata, Investment Corporation of Bangladesh, Dutch-Bangla Bank, Al-Arafah Islami Bank and Islami Bank Bangladesh. They collectively brought the DSEX down by 14 points, according to data from amarstock.com, a market data analyst.

However, optimistic investors remained active in the market riding on the stock market regulator's extended credit facilities. The Bangladesh Securities and Exchange Commission (BSEC) last week revised the limit of margin loan facilities, based on the DSE key index, at a maximum rate of 1:0.80 when the DSEX is below 8,000.

Losers took a strong lead over the gainers, as out of 374 issues traded, 216 declined, 138 advanced and 20 remained unchanged on the DSE trading floor. Beximco - the flagship company of Beximco Group-topped the turnover list with shares worth Tk 1.30 billion changing hands, followed by IFIC Bank (Tk 750 million), LankaBangla Finance (Tk 628 million), Orion Pharma (Tk 529 million) and LafargeHolcim Bangladesh (Tk 489 million).

<https://thefinancialexpress.com.bd/stock/stock-market-snaps-a-four-day-winning-streak-1629281792>

Industry News

Banks asked to raise core capital ratio

The central bank yesterday asked banks to raise their core capital ratio to 3.25 per cent in 2023 after they failed to put in place enough shareholders' equity and reserves in line with international standards to absorb unexpected shocks.

In 2014, the Bangladesh Bank issued the guidelines on risk-based capital adequacy for banks in line with the Basel III Accord, the primary banking regulation that sets the minimum tier 1 capital ratio requirement for financial institutions.

The BB ordered banks to maintain at least 3 per cent tier 1 capital, also known as the leverage ratio, by 2015 to strike a balance between capital and assets. Tier 1 capital is used to describe a bank's capital

adequacy and refers to core capital that includes equity capital and disclosed reserves.

It ensures that a bank has adequate capital reserves to absorb losses, thus promoting both transparency and financial discipline among banking institutions and protecting taxpayers from exposure to losses.

<https://www.thedailystar.net/business/economy/banks/news/banks-asked-raise-core-capital-ratio-2155686>

BB asks banks to submit PIF statements quarterly

The central bank of Bangladesh has instructed all the scheduled banks to submit their post import financing (PIF) statement to its Department of Off-Site Supervision (DOS) every quarter, officials said. The banks have also been asked to send a copy of the statement to the Task-force Cell of its Banking Regulation and Policy Department (BRPD), according to a notification issued by the Bangladesh Bank (BB) on Wednesday. However, the first statement will have to be submitted to the central bank by the end of October this calendar year.

<https://thefinancialexpress.com.bd/economy/bb-asks-banks-to-submit-pif-statements-quarterly-1629298076>

Central bank asks non-banking financial institutions to lend rightly

The central bank has instructed non-banking financial institutions (NBFIs) to ensure loan or lease financing appropriately for

improving corporate governance in the financial sector, as some aberrations occurred. Under new provisions dictated by the Bangladesh Bank (BB), the NBFIs will have to preserve the copies of bank statements in the customers' files after disbursement of the loan or lease amounts.

In the wake of a string of rulings by the regulator for the financial sector, including money and stock markets, the BB issued a notification Tuesday to the non-banks to this effect. In case of Shariah-based Islamic NBFIs, consent of the customers will have to be collected and preserved accordingly before disbursement of funds to the concerned, it says. The latest BB moves came against the backdrop of disbursement of loans or leases bypassing the existing credit norms by some NBFIs.

In some cases, the central bank found that loans or leases were disbursed to third-party accounts instead of real borrowers, according to officials. Earlier on February 28, the central bank asked the NBFIs to ensure proper use of loans through carrying out internal inspections on a regular basis on the loans. On the other hand, the central bank also asked the NBFIs to verify borrower-submitted financial statements by using Document Verification System (DVS) before sanctioning loan or leases to ensure credit discipline in the sector.

The BB issued another circular in this connection the same day asking all the managing directors

and chief executive officers of the NBFIs to contact the Institute of Chartered Accountants of Bangladesh (ICAB) for using DVS. DVS is an application under which a document verification code (DVC) would be automatically generated by the system after submission of some specific information by the auditor.

<https://thefinancialexpress.com.bd/economy/central-bank-asks-non-banking-financial-institutions-to-lend-rightly-1629254587>

Economy News

Outbound investments up to 5% of forex reserve on cards

The government is set to provide outbound investment opportunities to local exporters and any company running their business in the domestic market for 10 years. This opportunity will be extended to small and medium enterprises interested in establishing backward and forward linkage industries, along with NGOs with a reputation for working towards society's

betterment and improving people's quality of life in Bangladesh.

The government will allow local companies with outbound investments to enlist in foreign stock markets too. However, Bangladesh's total outbound investment in a single fiscal year will not exceed 5% of the central bank's foreign exchange reserves for that particular fiscal year.

After finalising the "Overseas Investment Guideline 2021" with such provisions and more, the Bangladesh Investment Development Authority (Bida) will submit it to the Prime Minister's Office (PMO) for approval, said Bida Executive Chairman Md Sirazul Islam.

The guideline will come into effect following the final approval at the cabinet meeting, he added while responding to The Business Standard through WhatsApp from the USA. According to the draft guideline, exporters will be able to make outbound investments reaching up to 25% of their average exports in the past five years. Other companies and NGOs will be able to invest up to 25% of their net

assets – per their latest audited balance sheet.

<https://www.tbsnews.net/economy/outbound-investments-5-forex-reserve-cards-289750>

Company News

Salim Ullah made FID secretary

The government on Thursday made Sheikh Mohammad Salim Ullah secretary of the Financial Institutions Division. Salim was serving as an additional secretary at the finance division. He will replace Ashadul Islam whose two-year contract will complete on August 26. Salim is likely to join FID on August 26.

<https://www.newagebd.net/article/146756/salim-ullah-made-fid-secretary>

Price Sensitive News

Trading Code: SAVAREFR

News Title: SAVAREFR: Query Response

News: In response to a DSE query dated August 18, 2021, the Company has informed that there is no undisclosed price sensitive information of the Company for recent unusual price hike and increase in volume of shares.

Post Date: 2021-08-19

Trading Code: SHYAMPSUG

News Title: SHYAMPSUG: Query Response

News: In response to a DSE query dated August 18, 2021, the Company has informed that there is no undisclosed price sensitive information of the Company for recent unusual price hike and increase in volume of shares.

Post Date: 2021-08-19

Trading Code: NBL

News Title: NBL: Credit Rating Result

News: Emerging Credit Rating Limited (ECRL) has assigned the rating of the Company as "AA" in the long term and "ST-2" in the short term along with a Stable outlook of the Company based on audited financial statements of FY 2017-2020 and other relevant quantitative as well as qualitative information up to the date of rating.

Post Date: 2021-08-19

Trading Code: SAIHAMCOT

News Title: SAIHAMCOT: Recovery of Insurance claim from the insurance Company

News: (Cont. of SAIHAMCOT): The above amount will be utilized against repayment of loan, reconstruction of Raw cotton godown building and other related emergent expenditure of the company. (end)

Post Date: 2021-08-19

Trading Code: SAIHAMCOT

News Title: SAIHAMCOT: Recovery of Insurance claim from the insurance Company

News: Refer to the earlier news disseminated by DSE on 19.07.2021, the Company has further informed that they have received the recovery of Insurance claim for Tk. 15,00,00,000 (Total 30,00,00,000) from Insurance Company as part payment of Tk. 42,02,64,114 against which the claim was Tk. 59,03,70,221 for losses incurred of Raw cotton & Building construction caused by fire on October 15, 2020. (cont.)

Post Date: 2021-08-19

Trading Code: RUPALIBANK

News Title: RUPALIBANK: Q2 Financials

News: (Q2 Un-audited): Consolidated EPS was Tk. 0.25 for April-June 2021 as against Tk. 0.15 for April-June 2020; Consolidated EPS was Tk. 0.43 for January-June 2021 as against Tk. 0.37 for January-June 2020. Consolidated NOCFPS was Tk. 13.01 for January-June 2021 as against Tk. 74.54 for January-June 2020. Consolidated NAV per share was Tk. 46.49 as on June 30, 2021 and Tk. 44.10 as on December 31, 2020.

Post Date: 2021-08-19

Trading Code: RUPALIBANK

News Title: RUPALIBANK: Q1 Financials

News: (Q1 Un-audited): Consolidated EPS was Tk. 0.19 for January-March 2021 as against Tk. 0.22 for January-March 2020. Consolidated NOCFPS was Tk. (1.30) for January-March 2021 as against Tk. 4.75 for January-March 2020. Consolidated NAV per share was Tk. 44.61 as on March 31, 2021 and Tk. 44.10 as on December 31, 2020.

Post Date: 2021-08-19

Trading Code: LANKABAFIN

News Title: LANKABAFIN: Q2 Financials

News: (cont. of LANKABAFIN Q2): NOCFPS increased to 2.45 by 27.44% in YTD June 2021 from 1.92 of YTD June 2020. That is because, net cash collection from operating liabilities increased while cash generated from operations increased by BDT 765,960,488 with contribution from fees, commission and income from investment. Thus, overall cash flow from operating activities increased by BDT 284,126,504 in YTD June 2021 compared to that of YTD June 2020. (end)

Post Date: 2021-08-19

Trading Code: LANKABAFIN

News Title: LANKABAFIN: Q2 Financials

News: (cont. of LANKABAFIN Q2): c. Income from CDBL, Advertisement, fees income of credit cards contributed to increase other operational income by BDT 174,537,309 in YTD June 2021 compared to YTD June 2020. NAV decreased to 18.24 by 2.62% at the end of June 2021 compared to end of December 2020. 12% cash dividend contributed that reduction. (cont. 3)

Post Date: 2021-08-19

Trading Code: LANKABAFIN

News Title: LANKABAFIN: Q2 Financials

News: (cont. of LANKABAFIN Q2): EPS increased to 0.71 by 401% in YTD June 2021 from 0.14 of YTD June 2020. Significant reasons for variance are: a. Utilizing bullish capital market consolidated investment income increased by BDT 293,810,770 when provision charge for diminution in value of investments reduced by BDT 356,048,083 in YTD June 2021. b. With the increase of volume of transaction in capital market respective brokerage income increased by BDT 460,683,970 in YTD June 2021. (cont. 2)

Post Date: 2021-08-19

Trading Code: LANKABAFIN
News Title: LANKABAFIN: Q2 Financials
News: (Q2 UNAUDITED): Consolidated EPS was Tk. 0.30 for April-June 2021 as against Tk. 0.01 for April-June 2020; Consolidated EPS was Tk. 0.71 for January-June 2021 as against Tk. 0.14 for January-June 2020. Consolidated NOCFPS was Tk. 2.45 for January-June 2021 as against Tk. 1.92 for January-June 2020. Consolidated NAV per share was Tk. 18.24 as on June 30, 2021 and Tk. 18.73 as on June 30, 2020. EPS and NOCFPS of Q2 2020 have been restated. (cont. 1)
Post Date: 2021-08-19

Trading Code: MERCINS
News Title: MERCINS: Sale Declaration of a Director
News: Mr. Mahtabuddin Chowdhury, one of the Directors of the Company, has expressed his intention to sell his entire holding of 8,98,509 shares of the Company at prevailing market price (in the Public Market) through Stock Exchange (DSE) within next 30 working days.
Post Date: 2021-08-19

Trading Code: MERCINS
News Title: MERCINS: Sale Declaration of a Sponsor
News: Mr. Syed Noor Alam, one of the Sponsors of the Company, has expressed his intention to sell his entire holding of 1,23,200 shares of the Company at prevailing market price (in the Public Market) through Stock Exchange (DSE) within next 30 working days.
Post Date: 2021-08-19

Trading Code: EASTLAND
News Title: EASTLAND: Sale Confirmation of a Sponsor Director
News: Mr. Moazzem Hossain, one of the Sponsor Directors of the Company has further reported that he has completed his sale of 16,77,811 Shares of the Company at prevailing market price through Stock Exchange (DSE) as per declaration disseminated on 10.08.2021.
Post Date: 2021-08-19

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