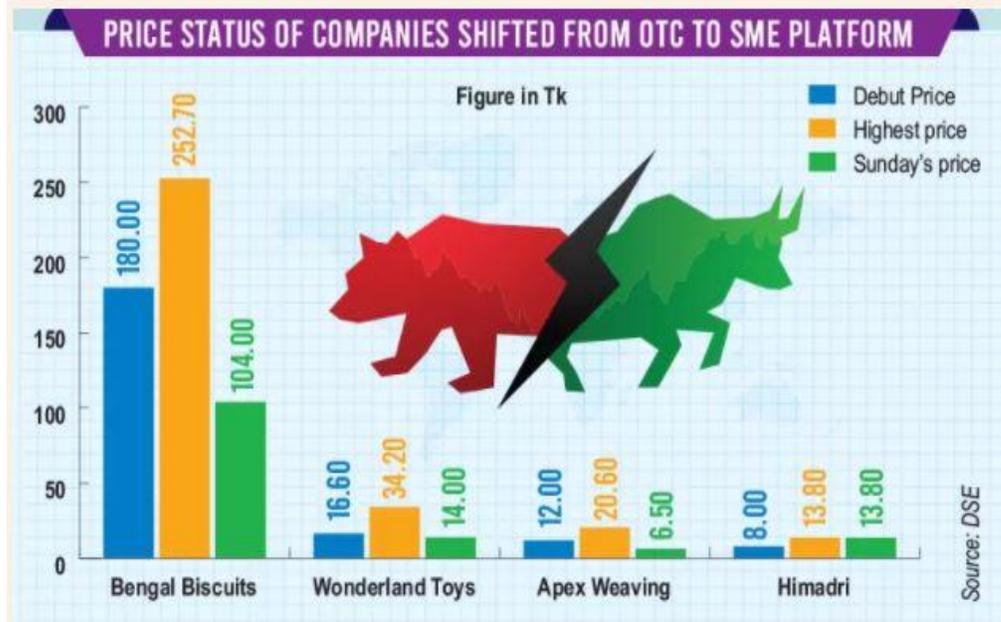




Photo Gallery



BUSINESS NEWS ANALYSIS REPORT

Capital Market News

Four listed SMEs get lukewarm responses from investors

Four small and medium enterprises (SMEs) shifted from the OTC market to the SME platform four months back failed to attract investors as they have been struggling to improve their financial performances. The companies are Apex Weaving and Finishing Mills Ltd, Wonderland Toys Ltd, Himadri Ltd and Bengal Biscuits Ltd.

The companies' financial health looked poor after their listing with the SME platform, which could be the reason behind the dull trade of their shares, analysts say. Investors initially showed some interest in the companies but as the days

passed, their share prices continued to decline.

Unlike the main trading boards, the SME platform is dedicated to eligible institutional investors and individuals having at least Tk 1 crore invested in the secondary stock market.

Retail investors are not allowed to buy shares in the SME platform as the market tends to be more volatile because of the price volatility. The four companies failed to file their financial statements regularly after listing with the SME platform.

On September 30, 2021, the Dhaka Stock Exchange had launched the operation of its SME platform with the first listing of six companies, including the four companies. The two companies Master Feed Agrotec Limited and Oryza Agro Industries entered the SME platform after floating Initial

Daily Business News

February 7, 2022

Public Offerings (IPO). Later, three more companies—Nialco Alloys, Krishibid Feed and Mostaf Metal Industry --joined the SME platform.

On the debut day, Bengal Biscuits' share prices rose to Tk 213.30 from Tk 180. In four months, it dropped to Tk 104 on Sunday, down 42 per cent from the debut price. Wonderland Toys' share price fell 19.88 per cent to Tk 19.90 from the debut price of Tk 16.60 on the SME platform. In four months, it declined to Tk 14 on Sunday, down 15.66 per cent from the debut price.

Himadri's share price rose 20 per cent to Tk 9.60 from Tk 8 during the period. In four months, it has increased to Tk 13.80, up 42.02 per cent from the debut price. During the period, Apex Weaving's share price was up Tk 14.40 from Tk 12. In four months, it fell to Tk 6 on

Sunday, down 45.83 per cent from the debut price.

<https://businesspostbd.com/stock/2022-02-07/four-listed-smes-get-lukewarm-responses-from-investors-2022-02-07>

Tax receipts from DSE jump 51pc in seven months

The government revenue earnings from Dhaka Stock Exchange (DSE) jumped 51 per cent in seven months for July-January period of the current fiscal year compared to the same period last fiscal, powered by rising trading volume. The government bagged revenue worth Tk 2,786 million in the seven months for July-January of the fiscal year (FY) 2021-22, as against Tk 1,842 million in the same period of the previous fiscal, showing a 51 per cent growth, according to statistics with the prime bourse.

Of the total earnings, Tk 2,334 million came from the TREC holders' commission, popularly known as brokerage commission, while Tk 452 million from the share sales by sponsor-directors and placement holders during the period under review, the DSE data shows. In FY 2020-21 for July-January, Tk 1,369 million came from the TREC holders' commission while Tk 473 million came from the share sales by sponsor-directors and placement holders.

The government earned the amount on TREC (trading right entitlement certificate) holders' commission and share sales by sponsor-directors and placement holders. The DSE, on behalf of the government, collects tax as TREC holders' commission and share sales by sponsor-directors and

placement holders at the rate of 0.05 per cent and 5.0 per cent respectively and deposits the amount to the government exchequer.

Meanwhile, the prime bourse has started availing the electronic tax deducted at source (e-TDS) system to pay taxes to the public exchequer. Recently, it has paid tax under Tax Zone-13 of the National Board of Revenue (NBR) using the e-TDS system.

The government earnings from the prime bourse rose as trading activities increased substantially during the period for July-January, said a DSE official. He noted that as the turnover marked an increase in July-January period in the current fiscal year compared to that of the same period of the previous year, so did the tax. The daily turnover, the important gauge, rose to about Tk 15.25 billion on an average in seven months for July-January in the current fiscal year which was Tk 12.50 billion in the same period in the previous fiscal year, according to the DSE data.

<https://thefinancialexpress.com.bd/stock/tax-receipts-from-dse-jump-51pc-in-seven-months-1644206255>

Stocks keep rising amid buying spree

Stocks in Dhaka continued to rise for the fourth consecutive day today amid the buying spree among the general investors. The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), surged 40 points, or 0.58 per cent, to 7,064 at the end of the day. At the DSE, 155 stocks advanced, 177 declined and 48 remained the same. Reliance Insurance topped the gainers' list that rose 9.95 per cent followed by

Bangladesh Shipping Corporation, Acme Laboratories, BF Thai Food, and Tosrifa Industries. DSE's turnover rose 5 per cent to Tk 1,335 crore.

Stocks of Beximco Ltd traded mostly worth Tk 104 crore followed by Bangladesh Shipping Corporation, British American Tobacco Bangladesh, Acme Laboratories, and Bangladesh Building System. BD Thai Aluminium eroded mostly that dropped 6.45 per cent followed by National Polymer, Libra Infusion, Queen South Textile and NRB Commercial Bank.

<https://www.thedailystar.net/business/economy/stock/news/stocks-keep-rising-amid-buying-spre-2955661>

Industry News

Cut corporate tax by 2.5pc next fiscal year

The Dhaka Chamber of Commerce & Industry (DCCI) yesterday urged the government to cut the corporate tax rate by 2.5 percentage points in the next fiscal year to align it with the regional average rate. The corporate tax rate in Bangladesh is 30 per cent while the average rate is 29 per cent in Pakistan, 24 per cent in Sri Lanka, and 20 per cent in Vietnam, Cambodia and Thailand, according to a DCCI paper.

The DCCI chief stressed automation of overall taxation, value-added tax, audit, arrears management, investigation and inquiry, appeal, revenue account management, taxpayer account management, and revenue information management. He

called for ensuring convenience, transparency and equity in the Income Tax Act 2022 to make it business-friendly and simplifying the VAT refund process.

According to the chamber, private investment came down to 21.25 per cent of GDP in 2020-21. In order to revive private investment and attract foreign direct investment, the DCCI suggested rationalising corporate tax structure and making economic zones ready.

<https://www.thedailystar.net/business/economy/news/cut-corporate-tax-25pc-next-fiscal-year-2956146>

Cotton production scanty despite huge market

Cotton production in Bangladesh has been low as farmers prefer other cash crops to the white fibre, completely missing out on at least a \$3 billion domestic market. The country managed to produce only 1.77 lakh bales of cotton last year, which was insufficient to meet the demand of even a single spinning mill. This represents nearly 1 per cent of the total annual consumption of the key textile raw material of 9 million bales. Some 480 pounds, or 218 kilogrammes, make a bale.

This has made Bangladesh one of the largest importers of cotton as it needs to feed the local apparel industry, the second-largest in the world. Spinners, millers and other users have to spend more than \$3 billion annually to buy cotton from India, the US, African countries, Australia, Brazil, Pakistan, and Central Asian nations. Currently, cotton is cultivated on 45,000 hectares of land in about 40 districts. The output has increased by 10,000 bales annually over the

last five years, but the quantity has not touched 2 lakh bales.

<https://www.thedailystar.net/business/economy/news/cotton-production-scanty-despite-huge-market-2956151>

Economy News

Lift lending cap

The Bangladesh Bank should raise the private sector credit target and review other major goals by conducting the mid-term review of the monetary policy statement for 2021-22, said analysts. They also urged the central bank to withdraw the lending cap and depreciate the taka further against the US dollar in order to keep the financial sector stable. The central bank carries out a mid-term review of the monetary policy in the middle of a fiscal year and makes it public in January. But, such an exercise has not been carried out although seven months have passed in the current fiscal year.

The majority of banks are now suffering from a shortage of US dollars, prompting the central bank to inject dollars from time to time. Banks purchase the greenback in exchange for the taka, squeezing money circulation. The growth of reserve and broad money stood at 6.53 per cent and 9.62 per cent in December, down from 21.30 per cent and 14.25 per cent, respectively.

The reserve money (RM) is the base level of the money supply and it is also the high-powered component of the money supply. The broad money, which is multiple of RM, depends on the

volume of the RM as well. Because of the contracted money supply, inflation would not increase to a large extent, according to Mansur, a former official of the International Monetary Fund. General inflation rose to a 14-month high of 6.05 per cent in December last year, with non-food inflation reaching 7 per cent, a six-year high, and food inflation to 5.46 per cent, the highest in six months.

<https://www.thedailystar.net/business/economy/banks/news/lift-lending-cap-2954091>

Dollar selling spree on despite taka depreciation

Bangladesh Bank's efforts to rein in runaway imports through the depreciation of the taka have hardly brought any impacts as the demand for US dollars has kept soaring to feed the economy rebounding from the coronavirus pandemic. The central bank injected a record \$3.07 billion into banks in the July-January period of the current fiscal year of 2021-22, comfortably breaking the previous high. Alone in January, it sold \$559 million, BB data showed. The previous high was registered in 2018-19 when the BB sold \$1.34 billion.

The latest surge in demand for US dollars has led two analysts to call for further weakening of the local currency to discourage imports. On January 9, the central bank devalued the taka by Tk 0.20, lifting the local currency to Tk 86 per dollar. The USD hovered around the rate until February 3. It was Tk 84.80 on the same day a year ago. But the devaluation has not been produced major changes when it comes to containing imports. Import payments reached

\$38.97 billion in the first half of the fiscal year, an increase of 54.5 per cent year-on-year.

<https://www.thedailystar.net/business/economy/banks/news/dollar-selling-spree-despite-taka-depreciation-2955431>

Company News

NRB Bank asked to punish officials

Bangladesh Securities and Exchange Commission (BSEC) has ordered NRB Bank to take departmental action against its chief financial officer Kamrul Hasan and all of its investment bankers for their involvement in illegal share trading. Hasan was found guilty of unethical trading activities in collaboration with the outsiders of the company, said the

commission in a letter to the lender. The bank shall take departmental action against Hasan, it said.

All members of the investment banking unit and the concerned officials of NRB Bank are also liable as they failed to play a proper role in this regard, the BSEC said. It gave the order following recommendations of its probe committee that was formed to see the illegal trading in the stock market. The lender has to take action against the officials and inform the commission within February 28, according to the BSEC letter.

NRB Bank suspended four employees, including Hasan, for their involvement in the anomalies, NRB Bank Managing Director Mamoon Mahmood Shah told The Daily Star in September last year. The move came after the Bangladesh Bank unearthed that NRB Bank incurred a loss of Tk

103 crore as it intentionally became involved in unethical trading practices in the stock market in favour of the manipulators.

The unethical trading activity took place between January and August last year when it gave illegal benefits to manipulators by buying shares at higher prices and selling at lower prices, according to a special internal audit carried out by the private commercial bank.

<https://www.thedailystar.net/business/economy/banks/news/nrb-bank-asked-punish-officials-2956126>

Price Sensitive News

Trading Code: MHSML

News Title: MHSML: Spot for EGM

News: Trading of the shares of the Company will be allowed only in the Spot Market and Block transactions will also be settled as per Spot settlement cycle from today 07.02.2022 to 08.02.2022. Trading of the shares of the Company will remain suspended on record date i.e., 09.02.2022 for EGM.

Post Date: 2022-02-07

Trading Code: BEACONPHAR

News Title: BEACONPHAR: Category Change

News: The Company will be placed in 'A' category from existing 'B' category with effect from February 08, 2022 as the Company has reported disbursement of 15% cash dividend for the year ended June 30, 2021.

Post Date: 2022-02-07

Trading Code: BEACONPHAR

News Title: BEACONPHAR: Dividend Disbursement

News: The Company has informed that it has disbursed the cash dividend for the year ended June 30, 2021 to the respective shareholders.

Post Date: 2022-02-07

Trading Code: MONNOAGML

News Title: MONNOAGML: Sale Confirmation of a Corporate Director

News: Monno Welfare Foundation, one of the Corporate Directors of the Company, has further informed that it has completed its sale of 1,00,000 shares of the Company at prevailing market price through Dhaka Stock Exchange as per declaration disseminated on 31.01.2022.

Post Date: 2022-02-07

Trading Code: GREENDEL

News Title: GREENDEL: Board Meeting schedule under LR 19(1)

News: As per Regulation 19(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 February 14, 2022 at 3:00 PM to consider, among others, audited financial statements of the Company for the year ended December 31, 2021.

Post Date: 2022-02-07

Trading Code: BXSYNTH

News Title: BXSYNTH: BSEC's Consent for exit plan of ordinary shares

News: BSEC's Consent-in principal for the exit plan of ordinary shares of Beximco Synthetics Limited: As per letter ref. No. BSEC-SMERIC/174/2020/466 dated December 30, 2021, Bangladesh Securities and Exchange Commission (BSEC) has accorded its consent-in-principle to the proposed exit plan of the securities of Beximco Synthetics Limited under condition No. 4(5) of the Directive No. BSEC/CMRRCD/2020-379/17/Admin /114 dated 28 December 2020.

Post Date: 2022-02-07

Daily Business News

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