



## Photo Gallery

BANCO SECURITIES' INVESTORS CLAIM STATUS		
(Tk in crore)		
Particulars	Investors	Amount
Monetary claim	657	22.74
Application of share Transmission	2,149	
Both claim (money +missing shares)	74	17.08
<b>Total claim</b>	<b>2,880</b>	<b>39.82</b>

*Source: DSE*

## BUSINESS NEWS ANALYSIS REPORT

### Capital Market News

#### 2,880 investors claim Banco Securities stoles Tk 40cr

The Dhaka Stock Exchange (DSE) has received claims of Tk 39.82 crore from Banco Securities Limited's 2,880 investors, against whom the bourse suspended operations in the last year for alleged misappropriation of customers' accounts. The country's prime bourse requested clients of the brokerage house, which allegedly embezzled huge amounts of money from the house's clients, to make claims for their money and shares by April 03 of this year.

As per DSE data till the dateline, a total of 2,880 investors claimed a total of Tk 39.82 crore from Banco Securities. 657 investors claimed a

total of Tk 22.74 crore. A total of 2,149 investors have applied for share transmission. Both claim the money and missing shares of 74 investors, which amount to Tk 3.63 crore. On June 15, the DSE suspended the operations of Banco Securities for alleged embezzlement of Tk 66.59 crore from consolidated customers' accounts. The stock exchange's top official told the Business Post, that among the aforementioned claims, the authorities of Banco Securities have settled one claim amounting to Tk 1.55 crore by handing over personal flats and land.

The brokerage house has deposited Tk 9.87 crore with DSE and, along with the DSE dividend of FY 2019-20 and 2020-21, the Trading Right Entitlement Certificate (TREC) holder company has a total fund of Tk 10.13 crore under the custody of DSE. The stock market regulator, BSEC, has instructed DSE to settle

# Daily Business News

## June 27, 2022

two claims totaling Tk 50 lakh on a priority basis and inform the commission accordingly. Sources said that the BSEC 15 verbally instructed DSE that the small investors' claims would be settled first on priority basis.

However, based on the received claims as of April 03, 2022, approximately 25 per cent of the total claim amount may be paid in the case of allocation on a pro-rata basis. The remaining claim will be payable by the TREC holding company in due course, DSE officials said. The Anti-Corruption Commission has filed a police case against the authorities of the TREC holder company. The chairman of the TREC holder company planned to leave the country but has been detained by law. On June 29 of last year, Abdul Muhith, chairman of Banco Securities, was detained on a charge of misappropriating funds from investors.

The stockbrokers secretly used a parallel software database to report fabricated cash and securities balances, buy and sales order execution updates to the clients as well as the regulators. Stock investors having accounts with the houses were getting regular updates from the stockbrokers of their stock holdings, buy and sales order executions. The brokerage house had also changed the mobile numbers of the investors so that the clients could not know the trading activities in their BO accounts.

Meanwhile, merchant bank Banco Finance and Investment Limited, a related party to Banco Securities, sold 62.62 per cent shares of the merchant bank to SIM Group at Tk 9 crore and deposited the amount with the Dhaka Stock Exchange for settlement of investors' claims. For a similar offense, the BSEC earlier ordered the suspended Tamha Securities to liquidate its assets and deposit the proceeds at the DSE by May 31 for the reimbursement of the client's money. The operations of Crest Securities were suspended. In June 2020, the owners of Crest Securities Limited went into hiding after allegedly embezzling Tk 48 crore of clients' money.

<https://businesspostbd.com/stock/2022-06-27/2880-investors-claim-banco-securities-stoles-tk-40cr-2022-06-27>

### **Dawn Global eager to tune first ETF**

Dawn Global management, a UK Based Company, has showed interest to launch country's first exchange-traded fund (ETF). A meeting was held between Bangladesh Securities and Exchange Commission (BSEC) Chairman Professor Shibli Rubayat-Ul-Islam and Dawn Global management funder and

CEO Maurice Pot on Sunday in BSEC Auditorium. Commissioner Shaikh Shamsuddin Ahmed and Mizanur Rahman were present on the Meeting, said a press release.

BSEC Chairman Professor Shibli Rubayat-Ul-Islam said, hopefully ETFs will be acceptable to investors as new investment products. When this new investment product hits on the market, it will play an important role in stabilizing the market creating diversification and increasing liquidity flow.

The Commission would provide fund-tracking services with overall cooperation to the organizations interested in setting up Exchange Traded Funds (ETFs) and issuing market-creating certificates, He said further. The meeting was attended by 5 more delegates including the CEO of Dawn Global Management. Dawn Global was founded by Maurits Pot. Maurits, which has been a public and private equity investment partner at Kingsway Capital, a leading emerging and frontier markets specialist with assets under management of more than \$2 billion.

<https://businesspostbd.com/stock/2022-06-27/dawn-global-eager-to-tune-first-etf-2022-06-27>

### **Stock index, turnover lowest in a month**

All three indices of the Dhaka Stock Exchange slipped into the red yesterday as investors have taken a cautious stance amid persisting macroeconomic worries. The DSEX, the broader index of the premier bourse in Bangladesh, was down 26.56 points, or 0.42 per cent, to close at 6,301, falling to the lowest level in a month. The DSES Index, which

represents the Shariah-based companies, slipped 0.29 per cent to 1,378.86, while the DS30 Index, which consists of the blue-chip firms, lost 0.52 per cent to 2,286.60.

In its daily market review, International Leasing Securities Ltd blamed the selling spree of jittery investors for the decline. Investors also decreased their participation in the market amid a lack of clear direction about the economy, which is under strains because of the volatile exchange rate, abnormally high imports and rising inflation owing to a spike in global commodity prices and the lingering Russia-Ukraine war. Turnover fell 13.1 per cent to Tk 594.4 crore, the lowest since May 26.

Losers outnumbered gainers with out of 381 issues traded during the session, 230 declined, 94 advanced and 57 remained unchanged. Of the sectors, jute, telecommunication and food and allied achieved the highest price appreciation, while paper, general insurance and cement suffered the highest correction. The investors' concentration was mainly focused on the textile, pharmaceuticals, chemicals and engineering sectors.

Among the individual companies, Global Heavy Chemicals topped the gainers' list, rising 9.91 per cent. Meghna Insurance, Meghna Condensed Milk Industries, Prime Textile Spinning Mills, Fu Wang Food, Savar Refractories, and Meghna Pet Industries added 7.5 per cent to 9.7 per cent. Imam Button Industries gave up the most, declining 2 per cent.

Beacon Pharmaceuticals, Paper Processing & Packaging, HR Textile, and Tamijuddin Textile

Mills were also among the major losers. Fu Wang Food was the most-traded stock with its shares worth Tk 34 crore changing hands, followed by Shinepukur Ceramics, Metro Spinning, Monno Fabrics, and Shurwid Industries.

<https://www.thedailystar.net/business/economy/stock/news/stock-index-turnover-lowest-month-3057341>

## Industry News

### Islamic banks' market share rises to 28.21pc in Q1

Shariah-based Islamic banks gained more market share in terms of deposits in the January-March quarter of 2022 compared with that in the previous quarter. As per the Bangladesh Bank's latest quarterly report, the market share of the Islamic banks in terms of deposits increased to 28.21 per cent at the end of January-March quarter of 2022 against the market share of 27.89 per cent in the October-December quarter of 2021.

Out of Tk 14,16,681 crore in deposits in the banking system at the end of March of 2022, the Islamic banks were holding Tk 3,99,679 crore. So, the market share of the traditional banks declined to 71.79 per cent at the end of March 2022 from 72.11 per cent in the previous quarter. Bankers said that though the deposit growth in the overall banking system slowed down in recent times, the decline in deposit growth in the Islamic banks was that that high compared with that of the traditional banks.

Many customers of the traditional banks diverted their funds to other high-return generating investments

tools like national savings certificates and the capital market due to a decline in interest rates but the such tendency was low among the customers of the Shariah-compliant banks, they said. Due to the growth in this mode of banking business, the expansion of the business network of Shariah-complaint banking has also gained momentum in recent years.

The BB data showed that the market share of Islamic banks in terms of bank branches also increased to 19.69 per cent at the end of March 2022 from 19.02 per cent at the end of the previous quarters. The market share was 14.21 per cent and 16.30 per cent at the end of December of 2020 and at the end of March 2021 respectively. Besides, the number of full-fledged Islamic banks in the country increased to 10 in January 2021 from eight at the end of December 2019. In 2020, Standard Bank Limited and Global Islami Bank Limited turned Shariah-compliant banks amid a massive growth of the Islamic mode of banking business.

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growth of the Islamic mode of banking business.

<https://www.newagebd.net/article/174374/islamic-banks-market-share-rises-to-2821pc-in-q1>

### Bangladesh Bank updates environmental, social risk management guideline

The Bangladesh Bank yesterday published the updated version of its guideline on environmental and social risk management (ESRM) for banks and financial institutions to help the country attain development goals and address the sustainability agenda in the financial sector. The central bank released the ESRM guideline in 2017. The ESRM guideline has a bigger focus on social and climatic risks, which are becoming relevant and crucial for Bangladesh. It has been made comprehensive with a provision for environmental and social due diligence for financing infrastructure projects.

According to the guideline, a third-party environmental and social impact assessment (ESIA) will have to be conducted for financing in all infrastructure projects. The ESIA will generally be arranged by the client at their own cost and submitted along with the loan application. The guideline includes an Excel-based Environmental and Social Due Diligence (ESDD) checklist to facilitate the due diligence process. A sector-specific guidance note for 10 vulnerable sectors has been incorporated.

The sectors are textile and apparel, cement, tanning and leather finishing, ceramic tile and sanitary ware, pharmaceuticals, power, fertilizer, pulp and paper, steel re-rolling, and ship-breaking. The loan categories for which the

guideline is applicable are financing for agriculture, cottage, micro, small, and medium enterprises (CMSMEs), retail and trading enterprises, consumer, large manufacturing and service enterprises, and infrastructure segments.

The loan or investment proposal amounting to more than Tk 25 lakh in the agriculture sector is to be complied with the ESDD checklist, the guideline said. For financing in cottage, micro, retail and trading enterprises, only the exclusion list has to be complied with.

Loan proposals for the environment and socially-sensitive retail and trading enterprises of any amount, including those for chemical or chemical ingredients, highly fire-absorbent products, electronic appliances, combustible oil, paper and dry materials, and plastic items, have to follow the ESDD checklist. For financing in small enterprises amounting to more than Tk 30 lakh, the proposal has to be complied with the ESDD checklist. It is Tk 50 lakh for medium-sized enterprises.

<https://www.thedailystar.net/business/news/bangladesh-bank-updates-environmental-social-risk-management-guideline-3057461>

## Economy News

### Govt guarantee for state enterprises' loans on the rise

The government guarantee given to state enterprises against their loans edged up further this fiscal year as demand from agencies seeking support security to generate power, and provide food and fertilisers at subsidised prices has increased.

The state's guarantee given to publicly owned enterprises is going to rise 25 per cent to Tk 92,601 crore in the next fiscal year from Tk 73,835 crore in the outgoing fiscal year, according to budget documents released by the finance ministry. This is the third consecutive year the government guarantee against loans negotiated by various state-owned financial institutions and non-financial enterprises has spiked.

If the state agencies fail to pay back their loans in time, the guarantees are invoked and liabilities for payment are passed on to the government, the finance ministry said in a budget brief for the fiscal year starting on June 30. Economists said the government should be cautious of the burden of guarantee as contingent liabilities of the government are increasing. In case of failure on behalf of the enterprises, the state will have to pay back the loan to the lenders.

Analysts recommend the government should consider the viability of the enterprises and examine whether the security that would be given to the organisation is worthwhile, he added. At the end of the fiscal year ending in June 2019, the government guarantee given against loans to state agencies was Tk 57,825 crore. The amount grew later.

As of this June, the government guarantee given to the Trading Corporation of Bangladesh for buying various essential commodities such as soybean oil, lentil, sugar and onion increased to Tk 1,652 crore from around Tk 500 crore a year ago. Its guarantee for fertiliser imports by the Bangladesh Agricultural Development Corporation

(BADC) more than doubled to Tk 10,281 crore as of June 2022 from Tk 4,559 crore.

The security given against loans taken by state-run power companies increased to Tk 49,515 crore this year from Tk 41,692 crore a year ago, according to the finance ministry. The finance ministry said the guarantee will be valid beyond June 30 this year.

<https://www.thedailystar.net/business/economy/news/govt-guarantee-state-enterprises-loans-the-rise-3057336>

## Company News

### Malek Spinning to issue Tk 2.90b zero-coupon bond

Malek Spinning Mills, a listed company, has planned to raise Tk 2.90 billion through a zero-coupon bond to finance its business expansion and reduce existing debts. The bond issue is subject to approval of the Bangladesh Securities & Exchange Commission, the company said in a filing with the Dhaka Stock Exchange (DSE) on Thursday. A zero-coupon bond is a debt instrument that does not pay interim coupons but instead trades at a deep discount, rendering profit at maturity, when the bond is redeemed for its full face value. The board of directors of the company has also decided to purchase 55 Bigha (1,815 decimal) land worth approximately Tk 550 million for a new plant at Bhaluka in Mymensingh.

The company will purchase the land from its directors/related parties on a fair market price basis,

which may exceed 1.0 per cent or above of the total tangible assets shown in the statement of financial position as of the end of the immediate preceding financial year, according to the disclosure.

The board has also approved proposal of J.M. Fabrics, a subsidiary of Malek Spinning, to purchase land measuring 954.94 decimals situated at Gazipur at a total price of approximately Tk 477 million including registration cost for the future expansion of the business of J.M. Fabrics.

Besides, the board has approved the decision of Salek Textile, a subsidiary of Malek Spinning for recovery of insurance claim over Tk 211.28 million as final settlement against the claim was Tk 304.79 million for losses by fire at Fabric Unit. The company also informed that the above amount

will be utilised against repayment of term-loan of the company.

Each share of the Malek Spinning, which was listed on the DSE in 2010, closed at Tk 28.40 on Thursday, losing 0.35 per cent over the previous day. The company's nine months consolidated earnings per share (EPS) stood at Tk 2.91 for July 2021-March 2022 as against Tk 1.98 for July 2020-March 2021. EPS has increased because of net profit substantially increased during the period due to increase in sales and decrease in financial expenses, said the company.

The company has recommended a 10 per cent cash dividend for the year ended on June 30, 2021. In 2020, the company declared no dividend. In 2019, it provided a 10 per cent cash dividend. The company's paid-up capital is Tk

1.93 billion, authorised capital is Tk 3.0 billion and the total number of securities is 193.60 million. The sponsor-directors own 47.34 per cent stakes in the company while the institutional investors own 10.61 per cent and the general public 42.05 per cent as of May 31, 2022, the DSE data shows.

<https://thefinancialexpress.com.bd/story/malek-spinning-to-issue-tk-290b-zero-coupon-bond-1656044453>

## Price Sensitive News

Trading Code: SPCERAMICS

News Title: SPCERAMICS: Query Response

News: In response to a DSE query, 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: 2022-06-27

Trading Code: EXCH

News Title: DSENEWS: Commencement of Bidding of Navana Pharmaceuticals Limited through BBM

News: (Continuation of DSENEWS): of the Exchanges will start at 10:30 a.m. on July 12, 2022 and continue till 10:30 a.m. on July 14, 2022. Each Eligible Investor (EI) who intends to submit application through the Electronic Subscription System (ESS) of the exchange(s) shall maintain a minimum investment of BDT 1,50,00,000 (One Crore fifty lakh only) for approved pension funds, recognized provident funds and approved gratuity funds and other EIs of BDT 3,00,00,000 (Three crore only) (cont. 2)

Post Date: 2022-06-27

Trading Code: EXCH

News Title: DSENEWS: Commencement of Bidding of Navana Pharmaceuticals Limited through BBM

News: Commencement of Bidding of Navana Pharmaceuticals Limited through Book Building Method: The bidding period for Eligible Investors to determine the cut-off price of shares of Navana Pharmaceuticals Limited through Electronic Subscription System (ESS) of the Exchanges will commence from 5:00 p.m. on July 4, 2022 and will

continue till 5:00 p.m. on July 7, 2022 (round the clock) and valuation report submission period for Eligible Investors through Electronic Subscription System (ESS) (cont. 1)

Post Date: 2022-06-27

Trading Code: ABBANK

News Title: ABBANK: Extension of public offer subscription portion of Perpetual Bond

News: Extension of public offer subscription portion of perpetual bond of AB Bank Limited up to August 22, 2022: BSEC has extended the consent validity and subscription period of public offer portion of BDT 60.00 crore of transferrable, unsecured, non-cumulative, contingent-convertible perpetual bond of AB Bank Limited up to August 22, 2022.

Post Date: 2022-06-27

# Daily Business News

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