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Stock Market & Company

[Dhaka bourse plunges to 39-month low as budget reinforces pessimism](#)

The Financial Express, June 10, 2024

- The first trading session after the placing of the FY25 budget in parliament dragged the prime index to a fresh 39-month low of 5,171 points as pessimism heightened about the equity market.
- The stock market has already been passing through a critical time amid lingering macroeconomic challenges. On Sunday, it opened much lower from the previous session. The downbeat vibe continued until the end of the session with no sign of reversal.
- Substantial price erosion of selective large-cap stocks drove the Dhaka Stock Exchange (DSE) down nearly 66 points or 1.26 per cent to 5,171, the lowest since April 11, 2021.
- "Investors were not happy with the budgetary measures tied to the capital market," said Md Sajedul Islam, managing director of Shyamol Equity Management.
- So, many investors exerted pressure to sell off their holdings, he said. Pre-Eid sale pressure and margin account adjustments intensified stocks' downward spiral.
- The negative sentiment about the market made investors shy away from taking fresh positions while they saw losses mount in their portfolios since the removal of the floor price.

<https://thefinancialexpress.com.bd/stock/bangladesh/dhaka-bourse-plunges-to-39-month-low-as-budget-reinforces-pessimism>

[Directors, brokers fined for stock manipulation, rules violation](#)

The Financial Express, June 10, 2024

- The stock market regulator has fined four individual investors, a company's chairman & directors and two brokerage firms Tk 8.30 million in total for violating the securities rules and manipulating stock prices.
- The Bangladesh Securities and Exchange Commission (BSEC) slammed the fines on them in the last week of May upon hearings on investigation reports submitted by the Dhaka Stock Exchange (DSE).

- Mithun Knitting did not submit audited financial statements for FY22 until the inquiry was done, along with other misconducts, according to a report submitted by the enforcement department of the BSEC.
- Also, the company has no functional website and sponsor-directors of the firm failed to hold minimum shares. They sold shares after the listing, bringing down their stake to 17.20 per cent, much lower than the compulsory 30 per cent.
- The unavailability of the financial statements has kept investors in the dark. Moreover, the company has failed to pay dividends since 2016.
- Of the investors, Md Saif Ullah has been fined Tk 4 million, AG Mahmud and SM Motaharul Janan jointly Tk 2 million and Hasina Akther Tk 0.5 million.
- However, they did not follow this rule. They transacted shares "unfairly" to make profits, according to the BSEC. This is the fourth time Md Saif Ullah and AG Mahmud have been fined within a span of two years.

<https://thefinancialexpress.com.bd/stock/bangladesh/directors-brokers-fined-for-stock-manipulation-rules-violation>

Regulator suspends block trades in assets of RACE-managed pooled funds

The Financial Express, June 10, 2024

- Block trades in assets in the portfolios of all mutual funds (MFs) managed by the country's largest private asset management company RACE will remain suspended until the regulatory body issues an order upon completing an investigation.
- The suspension order was issued so that the market watchdog can carry out a probe into alleged fund anomalies, said a senior official of the securities regulator.
- Meanwhile, the bank accounts of RACE Asset Management and 12 mutual funds that it operates were frozen on Sunday for 15 days, according to several officials of the Bangladesh Securities and Exchange Commission (BSEC).
- The probe committee formed by the BSEC has been given 60 days from Thursday to finish the task and submit a report. Managing Director of RACE Hasan Imam could not be reached by phone for comments.
- RACE manages 10 close-ended MFs and two open-ended MFs. Total assets under management (AUM) of RACE were equivalent to Tk 28.70 billion as of February this year, according to IDLC Asset Management.
- While block trades will not be executed, there is no bar on trades in the assets of the mutual funds on the main board of the stock exchanges.
- Trades on the main board are executed at market prices, but block trades are negotiated deals. There is an apprehension that the asset management company may offload shares on the block board at lower than market prices to its own benefit.

<https://thefinancialexpress.com.bd/stock/bangladesh/regulator-suspends-block-trades-in-assets-of-race-managed-pooled-funds>

Dutch-Bangla Bank holds 28th AGM

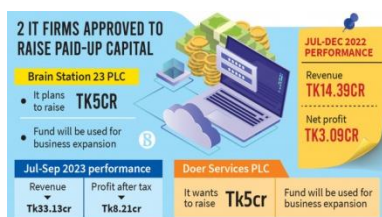
The Financial Express, June 09, 2024

- The 28th Annual General Meeting (AGM) of Dutch-Bangla Bank PLC was held on June 09, 2024 at 11:00 am through virtual platform under the Chairmanship of Ms Sadia Rayen Ahmed, Chairman, Board of Directors of the Bank. The Chairman welcomed the shareholders to the AGM.
- A large number of Shareholders virtually participated in the AGM of the Bank. In the 28th AGM of the Bank, Shareholders approved 35 per cent Dividend (i.e 17.5 per cent cash dividend and 17.5 per cent Stock Dividend per share) for the year 2023, according to a press release.
- The meeting approved the re-appointment of Mr. Abedur Rashi-d Khan as Director of the Bank.

<https://thefinancialexpress.com.bd/stock/bangladesh/dutch-bangla-bank-holds-28th-agm>

Two IT firms get BSEC's nod to issue new shares through QIO

The Business Standard, June 10, 2024



- The Bangladesh Securities and Exchange Commission (BSEC) has approved two IT-based firms to raise funds from the capital market through a qualified investors offer (QIO) on the SME platform for business expansion.
- The companies, Brain Station 23 and Doer Services, plan to raise Tk5 crore each from the capital market. The commission approved this in its meeting on Sunday (9 June).
- Brain Station 23, a software company that developed the mobile digital banking platform City Touch, plans to issue 50 lakh shares at a face value of Tk10 each.
- The company developed the first in-country mobile app, City Touch, a digital banking platform of City Bank, in 2017. Lankabangla Investments Ltd is the company's issue manager.
- Doer Services, an IT-based company, has also received approval to issue 50 lakh shares from the SME platform for expansion at a face value of Tk10 each.
- Alpha Capital Management Ltd is the company's issue manager. From July to December 2022, the company's revenue stood at Tk28 crore, compared to Tk31.20 crore in the same period of the previous year.

<https://www.tbsnews.net/economy/stocks/two-it-firms-get-bsecs-nod-issue-new-shares-through-qio>

BSEC allows Desco to issue 60.76 crore preference share

The Business Standard, June 09, 2024

- The Bangladesh Securities and Exchange Commission (BSEC) has allowed state-owned power distributor Dhaka Electric Supply Company (Desco) Limited to issue 60.76 crore preference shares at Tk10 each to the government against a share money deposit.
- The commission approved this in its meeting on Sunday.
- On 2 March 2020, the Financial Reporting Council (FRC) directed that capital received as a share money deposit, or by any other name, should be included in the equity part of a company. This amount cannot be refunded and must be converted into share capital within six months from the date of receipt.
- Such share money deposits shall also be considered in the calculation of earnings per share (EPS). Desco decided to issue preference shares after more than three years of the FRC directive.
- Preference shares are a type of company stock with dividends paid to shareholders before ordinary shareholders. In case of bankruptcy, preference shareholders have priority in receiving payment from company assets before common stockholders.
- The proposed conditions imply that if Desco makes more profits, the government will get high dividends against the preference shares and in cases of annual losses no dividends will be given.
- As the new shares will not be taken into account for EPS calculation, there will be no direct impact on the company's financials.
- But because of getting priority in dividend payments, the government as a preference shareholder will first receive a portion of the company's earnings as a dividend, which might ultimately decrease the net profit.

<https://www.tbsnews.net/economy/stocks/bsec-allows-desco-issue-6076-crore-preference-share>

Economy & Industry

Shareholders to face taxes on loans taken from listed companies

The Business Standard, June 10, 2024

- A new clause has been incorporated in the proposed Finance Bill, suggesting that loans taken from public limited companies by its shareholders be treated as dividends and subject to taxation.
- Some directors of listed companies have been taking loans from their companies as a means to avoid taxation, often without distributing dividends, according to a senior official of the National Board of Revenue.
- Wishing anonymity, the official said shareholders do this because loans are not taxed, but dividends are.
- "We have observed instances where directors of public limited companies have taken loans without distributing dividends and delaying repayment while continuing to acquire new loans."
- To combat tax evasion through this method, a new proposal has been introduced in the finance bill, he added. Currently, if shareholders, typically directors, of "private" limited companies with accumulated profits can take loans from the company, it is treated as dividends and taxed accordingly.
- Any income received as dividends is added to the total income of an individual and is taxed at the regular rate, up to a maximum of 30%.
- By dropping the word "private" in the new proposal, shareholders of public limited companies will also come under this tax. Tax experts view this proposal positively as a measure to address tax avoidance.

<https://www.tbsnews.net/nbr/bangladesh/shareholders-face-taxes-loans-taken-listed-companies>

International

China's exports grow 7.6pc in May, beating expectations despite trade tensions

The Financial Express, June 07, 2024

- China's exports in May grew at their fastest pace in more than a year despite trade tensions, though imports fell short of analyst expectations, according to customs data released Friday.
- Exports jumped 7.6% in May from the same month last year to \$302.35 billion, rising at the fastest pace since April 2023. Imports rose by 1.8% to \$219.73 billion, missing estimates of about 4.0% growth.
- The uptick in exports is also partly due to a lower base in the same period last year, when exports declined 7.5%. In comparison, exports grew by 1.5% in April compared to the same period last year while April imports rose by 8.4%.
- The strong exports caused China's trade surplus to widen to \$82.62 billion, up from April's \$72.35 billion. The growth in exports comes as China faces escalated trade tensions with the US and Europe. The US is ramping up tariffs on Chinese-made electric cars while Europe is considering levying similar tariffs.

<https://thefinancialexpress.com.bd/economy/globalchinas-exports-grow-76pc-in-may-beating-expectations-despite-trade-tensions>

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Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (2nd Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
E-mail: info@basl-bd.com

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-44611923-24

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06,
Block-C
Mirpur, Dhaka - 1216
Phone: +8802-58055449,
48032449

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-
1230
Phone: +88-02-
48958389,48958371

Banani Branch

Nur Empori, Plot # 77 (1st
Floor), Road No # 11,
Banani,
Dhaka-1213
Phone: +88028836155,
8836849

Nikunja Branch

DSE Tower, Level 10,
Room# 200, Nikunja,
Dhaka-1229
Phone: +8809666702070

Bijoy Nagar Extension

Prime Tower (3rd Floor),
180-181
Dhaka-1213
Phone: +880248318685

Chattogram Branch

Bank Asia Bhaban (3rd
Floor)
39, Agrabad Commercial
Area
Chattogram-4001
Tel : +8801730338091

Khulna Branch

28, Sir Iqbal Road (1st
Floor)
Khulna
Phone: +88-041-731208-9

Badda Digital Booth

Chairman Building (Ground
Floor),
390, Bhuiyan para (Beraid
Bazar), Badda, Dhaka-1212

Bagura Digital Booth

Jamil Shopping Center (3rd
Floor), 288/325 Rangpur
Road,
Bogura City Corporation,
Bogura Sadar, Bogura.

Rajshahi Digital Booth

Chamber Bhabon (2nd
Floor), Station Road,
Alokar Moor,
Rajshahi-6100.

Cumilla Digital Booth

Chowdhury Plaza-2, (2nd Floor)
Holding # 465/401, Race Course,
Cumilla City Corporation, (Ward #
09) Cumilla.

For International Trade & Sales, please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.