DHAKA SUNDAY MARCH 5, 2023, FALGUN 20, 1429 BS ● starbusiness@thedailystar.net

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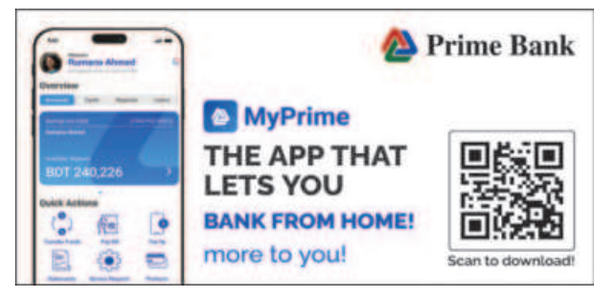

DSE SME BOARD

DSE launched SME board on April 30, 2019

10 SMEs have raised Tk **104** crore from the stock market so far

SOME UNUSUAL DEVELOPMENTS

Yusuf Flour Mills now one of the top four scrips in terms of highest share prices at the DSE

Reckitt Benckiser (Bd), Unilever Consumer Care and Marico Bangladesh are ahead of Yusuf Flour

TIMELINE OF SHARE PRICES OF YUSUF FLOUR

Nov 9, 2022: Tk	Dec 8, 2022: Tk	March 1, 2023: Tk
26	**2,884**	**2,081**

Md Musherraf Husain, one of the sponsors of Krishibid Feed, expressed his intention to sell his entire holdings of **11.50** lakh shares within 14 months of its listing

Companies listed with the SME board from OTC market

Yusuf Flour Mills | Bengal Biscuits | Apex Weaving and Finishing Mills | Wonderland Toys | Himadri Ltd

Dhaka bourse's SME board falls prey to manipulators

AHSAN HABIB

Have you ever bought any pack of flour produced by Yusuf Flour Mills or heard the name of Yusuf Moyda, the brand under which the company is selling the item?

If the answer is no, then how could the stock of Yusuf Flour Mills be one of the most expensive on the Dhaka Stock Exchange (DSE)?

On February 28, its share price stood at Tk 2,312 on the SME board of the bourse, becoming the fourth costliest stock on the premier bourse of Bangladesh, leaving household names Berger Paints and Renata behind.

"The surge of the stock of Yusuf Flour Mills to the level of multinational companies shows what's actually going on in the stock market of Bangladesh," said Abu Ahmed, an analyst.

"What did the company pay back to its investors in the previous years that could have attracted a rational investor to buy it? Very little."

Since its listing, Yusuf Flour Mills has announced a cash dividend for its shareholders just once. It gave a 10 per cent cash dividend in 2020, DSE data showed.

Yusuf Flour Mills was listed on the DSE in 1987. Because of the disappointing performance, it was sent to the over-the-counter (OTC) in 2009. In 2022, the company was brought back to the SME board.

The surprise did not end there.

A stock of Yusuf Flour Mills traded at Tk 26 on November 9 of 2022 only to skyrocket to Tk 2,884 in the span of just one month, a spike of 10,992 per cent, or more than 110 times.

"The rise of the stock price was mainly driven by manipulation," alleged Ahmed, a former professor of economics at the University of Dhaka.

Yusuf Flour Mills could not be reached for comments as its page on the DSE neither gave any contact number nor email address. The contact number on the company's own website was also found to be switched off.

Yusuf Flour Mills is not alone. In fact, most of the stocks that trade on the SME board have skyrocketed recently although the overall market has been in a bearish mood owing to the low confidence among investors because of the global and local crisis.

The stocks on the SME board surged in the past six months due mainly to speculation that a group of dishonest traders are now targeting the SME board to manipulate prices, according to analysts.

But when people start to invest in them, manipulators dump their holdings, forcing the stocks to plummet, they warn.

In August, the stocks of Krishibid Feed Ltd climbed to Tk 46 from Tk 15 in just three months. Then the stock started to decline and the downward trend accelerated after one of its sponsors announced to sell of his entire stake.

On February 2 this year, Md Musherraf Husain, the sponsor, expressed his intention to sell his entire holdings of 11.50 lakh shares at the prevailing market rate.

After the announcement, the stock slumped to Tk 15, down from Tk 25 before the price-sensitive information.

"When a sponsor sells his entire stake, it shows that the sponsor himself thinks that selling the shares is better than holding them," Ahmed said.

"It is clear that the hike in the company's share price has benefited the sponsors. The regulator should not let the sponsors sell their stakes within a short time after the company's debut."

Sponsors of the firms that trade on the main board of the DSE can't sell their shares within three years of listing. The lock-in period is just one year for SMEs.

The manipulation around the SME stocks would hand a huge blow to the small and medium enterprise segment in Bangladesh since investors' trust in the genuine SMEs would also be dented, depriving them of the cheapest source of capital in a country where small-sized firms find it difficult to raise funds.

The Bangladesh Securities and Exchange Commission (BSEC) launched the DSE-SME, the small-cap board, on April 30, 2019, so that SMEs having a paid-up capital between Tk 5 crore and Tk 30 crore could avail financing from the stock market.

"But manipulators have turned it into a gambling board," Ahmed said.

Ahmed urged the regulator to curb manipulation related to the SME board and communicate with SMEs to encourage them to raise funds from the market.

"Manipulators have targeted the stocks on the SME board as offloading the securities is easy. The BSEC has allowed general investors to invest in the board if they have handsome investments in the market," said a stockbroker.

In February of 2022, the BSEC eased conditions by reducing the minimum investment requirement to Tk 20 lakh from Tk 50 lakh. Investors don't have to take any permission now but it was mandatory previously.

After the relaxations of the rules, the SME Index soared 51 per cent, or 696 points in just one month, prompting analysts to criticise the BSEC move. Later, the minimum investment requirement was raised to Tk 30 lakh.

A huge number of investors

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WEEKLY INTERVIEW

INT'L SUPPORT FOR GRADUATING LDCS

Bangladesh needs to create political momentum

Says Debapriya Bhattacharya ahead of Doha Conference

AHSAN HABIB

Bangladesh needs to play a key role at the Doha Conference to create political momentum and translate that momentum into a United Nations resolution with a view to ensuring international support measures for a smooth transition of the graduating least-developed countries, said Debapriya Bhattacharya, a distinguished fellow of the Centre for Policy Dialogue.

"The graduating LDCs need to have various flexibilities for at least a certain period considering the global economic scenario," he said.

The fifth UN conference on the LDCs, a once-in-a-decade event, will take place in Doha, Qatar on March 6-9 where world leaders will gather, alongside entrepreneurs and civil society representatives, to address LDC-specific challenges.

Bhattacharya said the General Assembly took a resolution 10 years ago and the time has come to review that and create a new mandate.

"The mandate will be helpful to have successful completion of other negotiations for the graduating LDCs," he said. The negotiations are currently taking place on various platforms, particularly at the World Trade Organisation.

"And Bangladesh will have to play a pivotal role, if not a leading role, in translating the proposed graduating LDC mandate provided by the Doha Programme of Action (2022-31) into a political directive so that the LDCs and their development partners feel encouraged to implement all the commitments substantively."

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STOCKS (WEEK-ON WEEK)

DSEX ▲	CASPI ▼
0.14%	0.28%
6,213.74	18,282.79

COMMODITIES (AS OF FRIDAY)

Gold ▲	Oil ▲
$1,855.37 (per ounce)	$79.91 (per barrel)

ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.53%	▲ 1.56%	▼ 0.09%	▲ 0.54%
59,808.97	27,927.47	3,232.02	3,328.39

Leather exporters stare at grim prospects in 2023

Say shipment volume can't improve until global economy recovers

JAGARAN CHAKMA

Growth in leather footwear exports from Bangladesh was unsatisfactory in the first seven months of the current financial year as the economic fallout of the Russia-Ukraine war has been weighing down shipments since September, according to industry people.

Export earnings from leather footwear amounted to $458.59 million for the July-January period of 2022-2023, registering a year-on-year growth of just 4.12 per cent.

Shipments of leather products brought home $246.07 million in the identical period, indicating growth of 22.23 per cent, shows data from the Export Promotion Bureau (EPB).

On the other hand, leather exports slumped 8.87 per cent to $77.27 million.

The overall leather sector, the second-largest export earner after garments, suffered greatly during the Covid-19 pandemic in 2020 and 2021 as export orders took a sharp dive amid economic uncertainty.

However, it did not take much for shipments to bounce back as importers started sourcing their products from Bangladesh in a bid to reduce dependency on other producing countries, namely China.

As a result, exports of leather, leather goods and footwear reached a 10-year-high of $1.25 billion in the last fiscal year that ended in June 2022.

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BSEC fines four Tk 2.40cr for illegal gains of Tk 10.22cr

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has fined three individuals and one cooperative Tk 2.40 crore for manipulating stocks of an insurance company to gain Tk 10.22 crore.

The regulator of the capital market also fined an investor, Mizanur Rahman, Tk 1 lakh for spreading rumours about the stock market.

Moreover, the regulator handed Appollo Ispat Complex's managing director and three directors a fine of Tk 1 lakh each for failing to submit quarterly financial reports in 2020 and 2021.

The BSEC informed in separate orders that it found Md Saif Ullah, Md AG Mahmud, Kazi Sadia Hasan and DIT Cooperatives

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