

Star BUSINESS

Leather sector is struggling to make its mark in the global market despite having abundant raw materials and workers.



Story on B4

Investors of junk stocks found value among the ruins

AHSAN HABIB

Stocks of Khan Brothers PP Woven Bag Industries soared 10-fold over the past year even though the company has been drowning in losses while an auditor found that its assets are missing.

Within just eight months, the company's stocks skyrocketed from Tk 9.9 to Tk 97.5 on the trading board of the Dhaka Stock Exchange (DSE), marking the highest rise among all shares in 2023.

However, Khan Brothers is not the only poor-performing company on the top five gainers' list at the premier bourse of the country.

For example, stocks of Trust Islami Life Insurance, a newly listed insurance company, rose

HOW STOCK MARKET FARED IN 2023



ANALYSTS SUGGEST...

- » Lift floor price
- » Investigate share trading rigorously
- » Bring more good companies to secondary market

MARKET TRENDS

- » Floor price brought down turnover
- » Number of buyers is low
- » Well-performing companies are stuck in floor price
- » Small and junk stocks are being targeted to raise price
- » Trading is dominated by a few brokerage houses
- » Most brokerage firms are struggling to stay afloat

Stocks that saw highest rise in 2023	Category	Surge
Khan Brothers PP Woven Bag	B	884%
Trust Islami Life Insurance	N	363%
RN Spinning Mills	Z	237%
Khulna Printing & Package	B	198%
Far Chemical Industries	B	166%

performing stocks remained stagnant while poor-performing ones rose in what was a common scenario year-round.

"So, people are rushing to buy these stocks. If we recommend not to buy poor-performing stocks, then they tease us."

Islam said investors pour their funds into the stock market to make money.

Therefore, they pay no heed to the advice of brokers and instead seek poor-performing stocks in the hope of securing significant returns.

"But once the floor price mechanism is withdrawn, all investors of poor stocks will lose their money," added Islam, a former vice president of the DSE Brokers' Association.

In July 2022, the Bangladesh Securities and Exchange Commission (BSEC) set the floor prices for every stock to halt their freefall amid global economic uncertainties brought on by the coronavirus pandemic.

In December last year, the regulator lifted the measure for 169 companies as part of measures to withdraw the move in phases. However, the floor price was reintroduced for all stocks in March this year since uncertainty in the economy persisted.

Khan Brothers PP Woven Bag Industries incurred losses in the first quarter of 2023-24 when its earnings per share stood at Tk 0.01 in the negative.

Meanwhile, the company's auditor gave a qualified opinion and emphasis on the matter in its audit report for the fiscal year that ended on June 30.

An auditor gives a qualified opinion when it finds that the company under audit did not represent its true value in the financial report.

During its physical verification, the auditor found the amount of deficiency of raw materials and finished goods would be Tk 40 crore.

"So, when the stock of such a company can rise at that rate, it shows that the market has a serious problem and its regulator is not working at all," said a merchant banker preferring anonymity.

He also said the stock market has become the best place for gambling as the floor price mechanism has made their activities easier.

As good stocks are now stagnant due to the floor price, all traders are now aiming to buy the stocks about which there is speculation. But these stocks are vibrant only for a period. So, investor participation in gambling has become easier.

"As a result, many investors may have even forgotten the names of good stocks like Square Pharmaceuticals and Grameenphone in the absence of their trading," he added.

The merchant banker also said real investors are considering the market as a "dead market" that is now the cause of job cuts for many stakeholders such as asset management companies, merchant banks and brokerage houses.

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IMF charts ways to mend money market, boost revenue

REJAUL KARIM BYRON

The International Monetary Fund (IMF) has set a series of benchmark conditions for Bangladesh to restore discipline in the money market and boost revenue generation.

They are additional to the conditions that have to be met under the performance criteria and indicative targets as part of the \$4.7 billion loan programme.

The performance under the new conditions will be assessed during the next review of the 42-month programme in May when Bangladesh is expected to receive the third instalment from the IMF.

On December 12, the executive board of the Washington-based lender approved the second tranche of \$689 million of the programme as the country met almost all criteria. The fund was credited to the Bangladesh Bank's account on Thursday.

The IMF assesses a country's performance in three areas – performance criteria, indicative targets and benchmark conditions – before approving an instalment.

The new targets for Bangladesh are

related to tax, debt, monetary and exchange rate policies, IMF documents showed.

According to one of the targets, the finance ministry will report tax expenditures seen in the form of personal income tax, corporate income tax and value-added tax as part of the budget for the next financial year.

The performance under the new conditions will be assessed during the next review of the 42-month programme in May

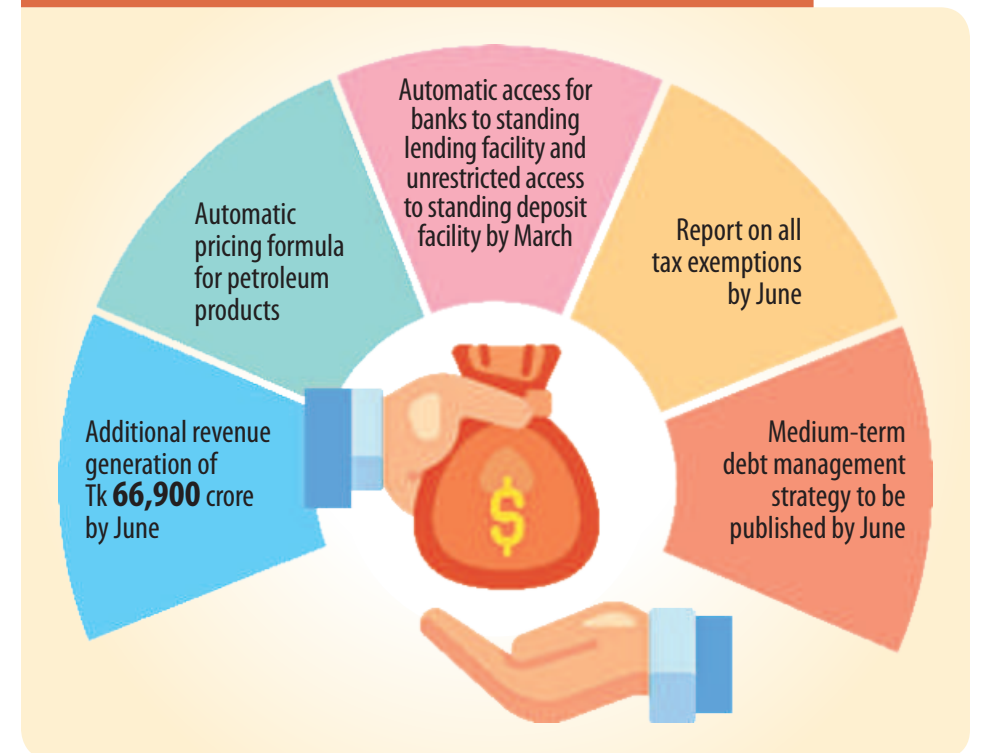
The tax expenditure refers to the rebates, discounts, exemptions, reduced rates of taxation and exclusion of income from computing total taxable income.

The National Board of Revenue (NBR) will also adopt a tax compliance improvement plan covering VAT and income taxes.

By June next year, the finance ministry will publish an updated medium-term debt management strategy covering three years starting from the current fiscal year of 2023-24.

READ MORE ON B3

NEW GOALS FOR NEXT IMF LOANS



almost five-fold to Tk 51, posting the second-highest rise in 2023.

Following close is RN Spinning Mills, a Z-category stock, which saw its share value soar three-fold. Likewise, the poor-performing B-category stocks of Khulna Printing and Package Ltd climbed three-fold.

Fellow B-category companies FAR Chemical Industries and Emerald Oil saw their stocks rise three-fold.

Md Sajedul Islam, managing director of Shyamol Equity Management Ltd, said all well-



Forex reserves rise to \$20.41b

STAR BUSINESS REPORT

Bangladesh's foreign currency reserves rose to \$20.41 billion yesterday after \$1.09 billion in loans from two global lenders were added to the central bank's account, said an official.

Bangladesh Bank Executive Director and Spokesperson Md Mezbaul Haque shared the information during a media briefing at the central bank headquarters.

Before the loans from the International Monetary Fund (IMF) and the Asian Development Bank (ADB) were credited to the BB account on Thursday, the reserves stood at \$19.17 billion.

Of the sum, \$689 million came from the IMF and \$400 million from the ADB.

Amid higher import bills against moderate remittance and export receipts, the gross international reserves of Bangladesh slipped to \$24.3 billion in 2022-23 from \$36 billion in 2019-20. It stood at \$46.4 billion in 2020-21, the highest on record.

The depleted reserves have prompted the government to turn to global lenders to tackle macroeconomic pressures, stop the further fall of the local currency, and rein in consumer prices.

The World Bank is considering a \$500 million budget support in the current fiscal year under two programmes.

Telcos bring more IoT solutions for daily concerns

MAHMUDUL HASAN

People often stress over whether they had forgotten to turn off their gas stove only after arriving at work.

Also, at times they come to realise that their car's fuel tank is nearly empty only after setting off for a destination.

To address these concerns, mobile operators in Bangladesh are introducing a series of Internet of Things (IoT) aimed at providing solutions.

The new range of smart devices allows users to remotely monitor and control a number of appliances at home or the office as well as various features in their vehicles.

This is also a part of a strategic move by telecom operators to diversify their services by delving into the realm of IoT, which extends beyond traditional voice and data offerings.

By introducing this range of IoT solutions, the operators aim to address various concerns with smart home and office solutions while there are plans for industrial applications in the future.

Three private mobile network operators – Grameenphone, Robi and Banglalink – have already announced the launch of these products.

Grameenphone yesterday launched eight types of IoT solutions and an app that enables users to control and operate the associated devices under the brand name Alo.



AT A GLANCE

- Telcos diversifying their portfolio with IoT devices
- These devices can be controlled by users through apps
- GP yesterday launched 8 new types of IoT devices
- Robi introduced a range of such products in 2020
- Banglalink has IoT-enabled utility meters
- Devices were manufactured by third party developers
- In-house software engineers of the operators built the apps that operate the devices

IoT PRODUCTS INCLUDE

Vehicle tracking system, smart switch and socket, smoke detector

The country's top network operator had previously introduced other IoT solutions, such as its digital livestock management and home security solutions.

Starting December 26, customers can pre-book the new devices from Grameenphone Experience Centers in Dhaka and Chattogram.

"As we unveil our latest suite of IoT products today [Sunday], we commence a journey to redefine the future of our digital lifestyle in Bangladesh," said Grameenphone CEO Yasir Azman at an unveiling ceremony at the Radisson Blu

Dhaka Water Garden.

"Looking at a future dominated by smart devices, AI and connectivity, we must realise that the time is now for us to embark on a journey to make lives safer, healthier and happier with the help of connected technology," he added.

The devices include vehicle tracking systems, remote controlled sockets and switches, gas and smoke detectors, and more.

These products will ensure smart home, office and transportation solutions under the umbrella of Alo's IoT solutions.

All these devices with advanced features can be connected through a single app, ensuring maximum convenience for users, Grameenphone said in a statement.

Officials of Grameenphone said the devices were manufactured by third parties exclusively for the top network operator while the related app was built by in-house software engineers.

By seamlessly integrating technology into daily life, Grameenphone aims to enhance peace of mind and convenience for individuals managing household responsibilities while away from home, they said.

"Our smart home, office and transportation systems are here to introduce a new era of interconnected intelligence and service excellence," said Asif Naimur Rashid, chief business officer of Grameenphone.

The new products are priced between Tk 2,800 and Tk 7,000.

Earlier, Banglalink introduced its vehicle tracking service, allowing users to track their vehicle from distant locations or even switch it on and off through SMS or a related mobile app.

"Currently, our portfolio features an IoT-based vehicle tracking service, presenting a significant partnership opportunity for technology firms and startups to fulfil their demand for such

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UCB to raise Tk 300cr thru bonds

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission has allowed United Commercial Bank (UCB) to raise Tk 300 crore through perpetual bonds.

The bank plans to issue Tk 270 crore worth of bonds through private placement and Tk 30 crore through public sale, said the private commercial lender in a filing on the Dhaka Stock Exchange yesterday.

Perpetual bonds are bonds with no maturity date. Although the instruments are not redeemable, they pay a steady stream of interest in forever.

"The BASEL III-compliant second perpetual bonds will strengthen the capital base of the bank," said the filing.

BASEL III represents a fundamental review of the regulatory and supervision framework of the banking industry in the future, the aim being to strengthen the stability of the financial system.

STOCKS	
DSEX ▼	CASPI ▼
0.16%	0.04%
6,256.80	18,574.82

COMMODITIES	
Gold ▼	Oil ▲
\$2,019.7	\$71.79
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.37%	▲ 0.87%	▼ 0.21%	▼ 0.56%
71,483.75	32,970.55	3,116.51	2,942.56