

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.51%) lost -25.07 points and closed the week at 4,879.96 points. The blue-chip index DS30 (-0.60%) lost -10.26 points and stood at 1,701.34 points. The Shariah-based index DSES (+1.02%) gained 11.44 points and stood at 1,128.88 points. The large cap index CDSET (-0.25%) lost -2.51 points and closed at 999.35 points. DSEX, DS30, DSES and CDSET showed YTD returns of +9.59%, +12.42%, +12.91%, +11.07%, respectively.

Total Turnover During The Week (DSE): BDT 39.1 billion (USD 460 million)
Average Daily Turnover Value (ADTV): BDT 7.8 billion ($\Delta\%$ Week:-14.2%)

Market P/E: 16.1x

Daily Index Movement during the Week:

Market performed five sessions during this week. Market performed negatively in the first session by -0.76% and rebounded in the second session by +0.08% and continued to be positive in the third session by +0.69%. However, in the fourth session, market closed in the negative territory by -0.37% and ended with a negative movement of -0.15% in the last session.

Sectoral Performance:

- All the financial sectors registered negative performance this week except Banks (+0.02%). General Insurance experienced the highest loss of -12.29% followed by NBF1 (-4.02%), Mutual Fund (-1.64%), and Life Insurance (-1.07%).

- All the non-financial sectors registered negative performance this week except Pharmaceutical (+0.40%). Engineering experienced the highest loss of 9.68% followed by Fuel & Power (-4.55%), Telecommunication (-1.47%), and Food & Allied (-0.37%).

Macroeconomic arena:

- Migrant workers remitted USD 2.11 billion last month, which was way higher than USD 1.64 billion flown to the country in the same month a year ago. October's receipts were the third-highest monthly flow in history, behind July's USD 2.59 billion and September's USD 2.15 billion.

- The National Board of Revenue collected 1.14% higher tax of BDT 665.55 billion in the July-October period. Provisional data prepared by the NBR showed that taxmen collected BDT 207.40 billion in the July-October period, up 5% from a year ago. Import tariff collection increased by 5.5% year-on-year to BDT 217.90 billion. Collection of the biggest source of revenue, value-added tax (VAT), declined 5% to BDT 240.25 billion.

- With collapsed apparel demands owing to the Covid-19 second wave in Europe, three international buyers have cancelled and held up orders worth USD 6.6 million this month. According to a top BGMEA official, some seven factories have reported order cancellation on the association's portal so far. They have reported USD 1.97 million in order cancellations and USD 4.63 million in suspension.

Stock Market arena:

- The Bangladesh Securities and Exchange Commission has sought BDT 150.0 billion from the Bangladesh Bank for the development of the country's capital market. The central bank would provide the funds at 3-4% interest rate for the tenure of 10 years. Interest rate for investment of fund would be 4% and 1% of interest would be reserved as sinking fund.

- The securities regulator has approved the IPO (initial public offering) proposal of NRB Commercial Bank under the fixed price method. The bank will raise a capital worth BDT 1.2 billion issuing 120 million ordinary shares of BDT 10 each. The company will utilise the IPO proceeds to purchase government securities, invest in the secondary market and bear the IPO expense.

- The financial uncertainty amid the Covid-19 pandemic has significantly increased the number of companies paying out none or very little dividend to their shareholders this year. The portion of listed companies announcing no dividends reached 20% – which doubled in a year. Of the 301 companies, 73 paid less than 10% dividends in the previous year, which has jumped to 90% this year.

- City Bank is set to raise BDT 4 billion through issuance of perpetual bonds to meet its capital requirement under additional Tier-I Capital. City Bank posted a profit of BDT 3.08 billion, up 18% year-on-year.

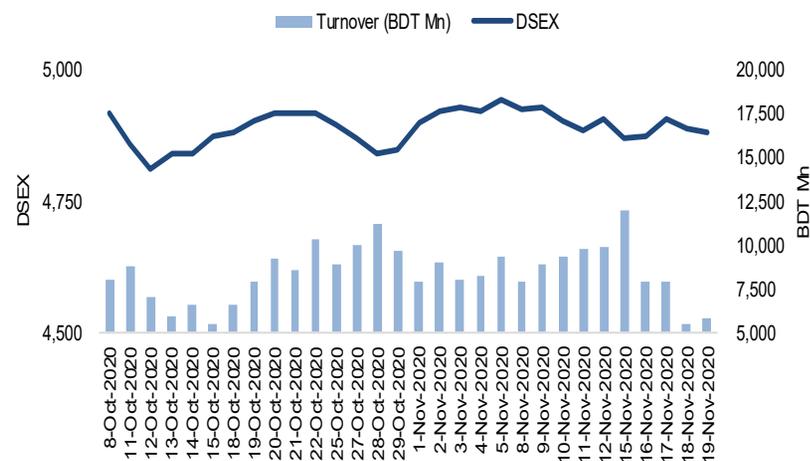
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,879.96	4,905.04	-25.07	4,452.93	-0.51%	+9.59%
DS30	1,701.34	1,711.60	-10.26	1,513.35	-0.60%	+12.42%
DSES	1,128.88	1,117.44	+11.44	999.83	+1.02%	+12.91%
CDSET	999.35	1,001.86	-2.51	899.76	-0.25%	+11.07%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	3,932,998	3,984,754	-1.3%
	Mn USD	46,292	46,902	
Turnover	Mn BDT	39,071	45,564	-14.2%
	Mn USD	460	536	
Average Daily Turnover	Mn BDT	7,814	9,113	-14.2%
	Mn USD	92	107	
Volume	Mn Shares	1,828	1,945	-6.0%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BDLAMPS	191.3	138.0	+38.6%	1,793	246.8	NM	2.5x
ARAMIT	264.1	224.5	+17.6%	1,585	22.8	NM	1.8x
BANGAS	134.0	116.9	+14.6%	1,022	55.4	64.8x	6.3x
APEXFOODS	137.7	120.3	+14.5%	785	84.2	57.6x	1.1x
GOLDENSON	11.2	9.8	+14.3%	1,923	56.4	NM	0.5x
ICBAMCL2ND	9.5	8.4	+13.1%	475	216.4	NM	1.5x
ACIFORMULA	120.6	108.0	+11.7%	5,427	13.1	51.8x	2.2x
DSHGARME	117.5	110.3	+9.7%	885	14.2	NM	6.0x
TALLUSPIN	4.6	4.2	+9.5%	411	1.5	NM	0.4x
PHARMAID	439.1	402.3	+9.1%	1,370	72.8	26.1x	5.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
CAPMBDBLMF	9.9	12.8	-22.7%	496	158.8	NM	1.2x
SEMLFBSLGF	10.1	12.8	-21.1%	737	138.1	NM	1.0x
SEMLLECMF	9.7	12.2	-20.5%	485	291.8	NM	1.1x
SEMLIBLSF	11.1	13.4	-17.2%	1,110	270.9	NM	1.2x
ATCSLGF	9.9	11.9	-16.8%	612	260.2	NM	1.0x
1STPRIMFMF	20.4	24.3	-16.0%	408	261.2	NM	1.9x
VAMLBDMF1	8.5	10.1	-15.8%	887	123.4	NM	0.8x
SSSTEEL	13.3	15.8	-15.8%	3,747	363.5	8.6x	0.8x
EIL	28.3	33.5	-15.5%	1,845	152.7	24.3x	1.8x
HFL	17.6	20.8	-15.4%	1,603	22.0	NM	0.4x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BXPBARMA	147.7	141.9	+4.1%	59,901	2,935	17.0x	1.8x
SQURPHARMA	208.0	202.6	+2.7%	175,602	1,046	12.6x	2.1x
BEXIMCO	23.2	25.0	-7.2%	20,331	770	45.5x	0.3x
GRAMEENS2	16.6	17.1	-2.9%	3,028	699	NM	1.1x
BRACBANK	45.6	45.3	+0.7%	60,460	691	14.3x	1.3x
EXIM1STMF	7.3	7.7	-5.2%	1,046	626	NM	0.8x
AOL	58.7	65.6	-10.5%	5,577	587	31.4x	3.0x
ABB1STMF	6.4	7.0	-8.6%	1,530	584	NM	0.7x
TRUSTB1MF	6.4	7.1	-9.9%	1,943	573	NM	0.7x
ASIAINS	108.9	104.4	+4.3%	5,126	503	37.6x	4.9x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
BXPBARMA	147.7	+112.8%	59,901	17.0x	1.8x
ACI	261.8	+44.2%	15,020	NM	1.9x
ISLAMIBANK	26.3	+37.7%	42,343	7.5x	0.7x
UPGDCL	306.8	+25.1%	161,682	22.8x	4.9x
MARICO	2,092.2	+25.0%	65,904	22.6x	41.4x
IDLC	55.7	+22.7%	21,002	10.5x	1.5x
BARKAPOWER	27.4	+20.7%	6,030	10.6x	1.4x
TRUSTBANK	31.4	+20.3%	20,199	6.6x	1.1x
LANKABAFIN	20.4	+19.0%	10,992	15.4x	1.1x
GLAXOSMITH	2,055.1	+17.0%	24,757	26.9x	17.5x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,339.80	1,339.52	1,319.28	+0.02%	+1.56%
NBFIs	1,796.73	1,872.03	1,565.13	-4.02%	+14.80%
Mutual Funds	907.47	922.57	591.17	-1.64%	+53.50%
General Insurance	3,398.06	3,874.05	1,927.02	-12.29%	+76.34%
Life Insurance	2,037.22	2,059.28	2,194.70	-1.07%	-7.18%
Telecommunication	4,549.28	4,617.08	3,993.59	-1.47%	+13.91%
Pharmaceuticals	2,972.99	2,961.09	2,492.51	+0.40%	+19.28%
Fuel & Power	1,634.73	1,712.74	1,515.21	-4.55%	+7.89%
Cement	1,184.62	1,212.30	1,132.29	-2.28%	+4.62%
Services & Real Estate	1,023.31	1,045.50	886.70	-2.12%	+15.41%
Engineering	3,043.58	3,369.69	2,257.22	-9.68%	+34.84%
Food & Allied	12,884.97	12,932.47	12,121.49	-0.37%	+6.30%
IT	2,156.50	2,133.39	1,823.13	+1.08%	+18.29%
Textiles	1,015.23	1,037.66	1,042.04	-2.16%	-2.57%
Paper & Printing	5,065.72	5,030.17	5,233.20	+0.71%	-3.20%
Tannery	1,656.45	1,675.51	1,826.45	-1.14%	-9.31%
Jute	8,474.79	8,482.85	11,393.28	-0.09%	-25.62%
Ceramics	422.30	435.13	459.10	-2.95%	-8.02%
Miscellaneous	1,843.97	1,884.13	1,745.96	-2.13%	+5.61%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	618.3	564.9	+9.5%	8.9%	7.7x	0.7x
NBFI	164.9	337.4	-51.1%	2.4%	124.6x	2.6x
Mutual Fund	1,859.4	1,598.1	+16.3%	26.8%	NM	0.8x
General Insurance	1,027.8	1,910.2	-46.2%	14.8%	18.9x	1.7x
Life Insurance	159.3	144.3	+10.4%	2.3%	NM	NM
Telecommunication	110.7	108.9	+1.7%	1.6%	12.7x	9.5x
Pharmaceutical	1,024.4	1,219.8	-16.0%	14.8%	18.9x	2.4x
Fuel & Power	332.3	460.3	-27.8%	4.8%	12.4x	1.4x
Cement	38.9	44.1	-11.7%	0.6%	28.4x	1.8x
Services & Real Estate	98.3	169.1	-41.9%	1.4%	87.0x	0.9x
Engineering	536.9	746.3	-28.1%	7.7%	30.6x	1.7x
Food & Allied	124.1	124.9	-0.7%	1.8%	20.6x	5.4x
IT	167.4	320.7	-47.8%	2.4%	22.8x	2.0x
Textile	228.8	307.4	-25.6%	3.3%	188.0x	0.7x
Paper & Printing	42.6	14.2	+199.3%	0.6%	59.9x	1.0x
Tannery	31.0	81.6	-62.0%	0.4%	NM	1.7x
Jute	12.2	10.8	+12.7%	0.2%	NM	10.0x
Ceramics	86.0	133.7	-35.7%	1.2%	56.5x	1.5x
Miscellaneous	280.6	555.1	-49.4%	4.0%	32.9x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ECABLES	140.9	-29.3%	3,382	NM	10.2x
RUNNERAUTO	46.3	-22.2%	5,257	36.5x	0.7x
HEIDELBCEM	137.9	-16.3%	7,792	NM	2.0x
GHAIL	16.7	-14.8%	3,604	NM	1.1x
IFADAUTOS	39.4	-14.7%	9,771	44.3x	1.0x
BRACBANK	45.6	-14.2%	60,460	14.3x	1.3x
SHASHADNIM	21.7	-12.1%	2,915	10.1x	0.5x
UNIQUEHRL	39.5	-10.0%	11,629	87.8x	0.5x
SINGERBD	165.1	-8.5%	16,461	22.6x	5.4x
BBSCABLES	54.6	-7.1%	9,532	8.2x	1.7x

Important News: Business & Economy

An extraordinary rise of remittance in extraordinary times

- The largely battered hundi system because of travel restrictions, the zero-interest rate on deposit products in western countries, repeated floods in Bangladesh, and a massive collapse in demand in many nations hosting migrant workers from this South Asian nation have taken the inbound remittance to a level that was never seen before. The stream of remittances, credited for alleviating poverty in lower- and middle-income countries, is so strong that it has baffled economists and made the World Bank reverse its forecasts about the flow of the remittance.
- Migrant workers remitted USD 2.11 billion last month, which was way higher than USD 1.64 billion flown to the country in the same month a year ago. October's receipts were the third-highest monthly flow in history, behind July's USD 2.59 billion and September's USD 2.15 billion. Between July and October, remittance hit USD 8.82 billion, up from 43.24% year-on-year. Bangladesh received a record USD 1 billion in just 12 days of November, a rare feat in such a short span of time, according to the finance ministry. Remittance has been on the rise in recent months.

<https://www.thedailystar.net/business/news/extraordinary-rise-remittance-extraordinary-times-1996821>

Expats sent record USD 1 billion in just 12 days this month

- Despite the ongoing crisis amid coronavirus epidemic, the upward trend in remittance flow into the country continues as expatriates have sent USD 1.066 billion in just 12 days this month. In the current fiscal year 2020-21, total USD 9.9 billion remittance came between July and November 12. During the same period in the last fiscal year, remittance flowing into the country was USD 6.9 billion.

<https://www.thedailystar.net/business/news/expats-sent-record-1-billion-just-12-days-month-1995921>

Revenue collection rises in Jul-Oct

- The National Board of Revenue collected 1.14% higher tax of BDT 665.55 billion in the July-October period thanks to increased receipts from income tax and import tariff. The overall collection was, however, BDT 204.45 billion short of the target in the four months to October. The tax authority had targeted to log in BDT 870 billion in revenue in the period, according to data shared by the NBR yesterday.
- Provisional data prepared by the NBR showed that taxmen collected BDT 207.40 billion in the July-October period, up 5% from a year ago. Import tariff collection increased by 5.5% year-on-year to BDT 217.90 billion. Collection of the biggest source of revenue, value-added tax (VAT), declined 5% to BDT 240.25 billion.

<https://www.thedailystar.net/business/news/revenue-collection-rises-jul-oct-1994077>

<https://today.thefinancialexpress.com.bd/first-page/tax-receipts-rise-114pc-in-july-oct-1605204335>

<https://www.newagebd.net/article/121414/tax-receipt-falls-BDT-20445cr-short-of-target-in-july-oct>

Now banks' problem is too much liquidity

- At the end of September, excess liquidity in the banking sector stood at BDT 1.70 trillion, according to data from the Bangladesh Bank. The figure is the highest in recent times, said by a high official of the Bangladesh Bank. The surplus liquidity in the banking sector was close to BDT 2.0 trillion in three years ago, he added. The expansionary monetary policy announced by the central bank and the lower trend of private sector credit growth pushed up excess liquidity in the market, said the managing director and chief executive officer of Mutual Trust Bank.
- The BB also cut the reverse repo rate by 75 basis points to 4% and the bank rate by 100 basis points to 4%. The bank rate, which is another major tool of the central bank, was cut after 17 years as part of the expansionary monetary policy. The BB, on the whole, uses the rate while giving out money to banks under its refinance scheme. Earlier in March, the central bank had cut the cash reserve ratio and credit-deposit ratio to prevent the economy from crash landing for the countrywide shutdown enforced by the government to flatten the curve on coronavirus between March 26 and May 30.
- Besides, the BB is also injecting funds to the financial sector by way of implementing the stimulus packages. In September, private sector credit growth stood at 9.48%, way lower than the BB's target of 14.8% for this fiscal year. All in all, it appears the banking system is awash with liquidity now.

<https://www.dhakatribune.com/business/banks/2020/11/18/now-banks-problem-is-too-much-liquidity>

The Banks to be in trouble if big borrowers default

- Banks might plunge into a capital crisis if big borrowers default on loans, eventually leading the financial sector to an adverse condition, the Bangladesh Bank has warned in the Financial Stability Report for the second quarter (April-June) of 2020. At the end of the second quarter, the banks saw some improvement in their financial health while the conditions of non-bank financial institutions (NBFIs) showed no progress, according to the report published on Tuesday. However, the central bank thinks that the country's financial sector, in general, remained stable even at the time of the pandemic. Interest rates on lending and loan-deposit ratio or spread also declined in the second quarter of the year.
- The report says the overall capital position in the banking sector has improved. The capital to risk-weighted asset ratio (CRAR) rose 28 basis points to 11.63%. At the end of June, 49 out of 58 banks managed to keep the minimum CRAR limit at 10%. But, stress scenarios defined by default of top borrowers would have the most adverse effect on banks' capital position, in which case minor shock would result in the CRAR of the whole industry below the minimum requirement. The report says NBFIs had mixed performances in the second quarter of this year. Return on assets (ROA) and return on equity (ROE) were 0.57% and 5.32%, respectively at the end of June. The ROA and ROE were 0.14% and 1.27% respectively at the end of March and 0.21% and 1.75% by the end of June last year.

- Both capital adequacy ratio (CAR) and core capital ratio of financial institutions fell in the review quarter compared to the earlier quarter's, with CAR being 16.42% against the minimum requirement of 10.0% and core capital ratio being 14.63% against the minimum requirement of 5.0%. Pertinently, 27 out of 33 financial institutions maintained minimum CAR and 29 maintained core capital ratio. Aggregate liquidity of financial institutions stood at a new level as the Bangladesh Bank lowered the cash reserve ratio (CRR) requirement to 1.5% from 2.5% in pursuant to alleviate Covid-19 shocks on market liquidity.

Quantitatively, total cash reserve of the industry decreased by 25.4% from the end-March 2020 quarter, recording at BDT 6,148.2 million. Also, the amount of statutory liquidity ratio (SLR) decreased by 4.6% from the previous quarter but remained far above the minimum requirement.

- According to the report, the amount of classified or default loans of NBFIs has increased significantly compared to those of banks. The default loans of NBFIs increased by 26.1% in the second quarter in contrast to the first quarter's. It says more than 13% of the total loans became defaulted at the end of June, up from 10.98% at the end of March.

<https://tbsnews.net/economy/banking/banks-be-trouble-if-big-borrowers-default-159358>

The liquidity situation in April to June was fine thanks to ease monetary policy

- There was no abrupt volatility in liquidity during the April to June quarter owing to the easy monetary policy adopted by the Bangladesh Bank, according to the central bank's financial stability assessment report that was released on Tuesday. The industry maintained a strong capital position, which is much higher than the minimum regulatory requirement, it said
- According to the report, the capital base known as capital to risk-weighted assets ratio of 23 banks would fall below the minimum regulatory requirement if the top three borrowers of the entities turn into defaulters. .

<https://www.dhakatribune.com/business/banks/2020/11/18/the-liquidity-situation-in-apr-jun-was-fine-thanks-to-easy-monetary-policy>

Double whammy for apparel exporters for second wave, price cut

- The garment sector fared well in the first quarter of the current fiscal year thanks to the reopening of western retail outlets after a pause for a few months since the Covid-19 outbreak. But now the threat of a possible second wave of the deadly virus and a price cut from the buyers in an excuse of low demand from the end-customers are holding back the recovery of the multi-billion-dollar industry. Bangladesh's import orders dropped by nearly 14% in October as apparel exporters scaled back purchase of textiles products, amid the second wave of coronavirus in America and Europe. Opening of letters of credit (LCs), generally known as import orders, fell to USD 3.83 billion in October from USD 4.43 billion a month ago, according to the central bank's latest data. Similarly, the settlement of LCs, generally known as actual import, in terms of value, fell by more than 10% to USD 3.34 billion in October from USD 3.71 billion in the previous month.

- Between January and October this year, the average price of garment items shipped from Bangladesh declined by 2.43%, according to data from the National Board of Revenue, Eurostat and OTEXA. Of the decline, 1.04% happened in European Union markets and 3.28% in the US markets during this time, according to the data. Many international retailers and brands have demanded even 220 days of deferred payment, although they signed contracts for 90 days in the letters of credit.

<https://www.thedailystar.net/business/news/double-whammy-apparel-exporters-second-wave-price-cut-1994105>

<https://today.thefinancialexpress.com.bd/first-page/covid-second-wave-puts-damper-on-lc-opening-1605204129>

Government bank borrowing dips

- The government borrowing from the banking system has gone down in the wake of its increased reliance on the savings certificates and low rate Annual Development Programme (ADP). From 1 July to 28 October this year, the amount of loan taken by the government from banks went up by BDT 1.64 billion while it increased by BDT 330 billion at the same time in the previous year. Despite the government reliance on bank loans, focus on the savings certificates has increased significantly. According to the latest data from the central bank, net savings certificates were sold for more than BDT 116.62 billion during the July-September quarter (Q1) of FY'21. The amount is about BDT 70 billion or 148% more than the last year's.

- In this context, South Asian Network on Economic Modeling (SANEM) Research Director said that sales of savings certificates have risen due to their high demand, and so, the government is reluctant to take loans from banks. However, taking more loans from the savings certificates will shoot up the government interest-bearing expenses. It should, therefore, find a way for foreign loans at low interest rates.

- Analysts believe that the government borrowing trend generally declines as ADP implementation goes slow. The ADP implementation rate during the July-September quarter this year is 12.79% while it was 14.25% at the same time a year ago. In the first quarter of the last fiscal, ADP worth BDT 307.52 billion was implemented while this year it is BDT 274.53 billion.

<https://tbsnews.net/bangladesh/government-bank-borrowing-dips-157336>

Bank deposits drop 2.14% in September

- Bank deposits have posted a 2.14% or BDT 271.61 billion fall in the July-September period despite showing notable growth in the second quarter. According to data released by the central bank on Thursday, as of September this year, the deposits stood at BDT 12.37 trillion from BDT 12.64 trillion in June.

- Dr Salehuddin Ahmed, former governor of the Bangladesh Bank, pointed out a number of reasons for a fall in the deposit growth. Many people have suffered income erosion, while many others have lost their jobs and become unemployed. Most small depositors, in particular, do not have enough money to deposit in banks, he said. Moreover, banks have reduced interest rates on deposits so much that even those who have money in their hands are no longer interested in parking money in the banks. Most savers are moving towards savings certificates. However, it is not possible to invest more than the prescribed amount in the savings tools. The interests on deposits now range between 2% and 5%.

<https://tbsnews.net/economy/banking/bank-deposits-drop-214-september-157321>

Pharma gets pandemic boost

- While the overall business activities were reeling under the unprecedented economic fallouts of the novel coronavirus pandemic, drugmakers saw an opportunity to expand their operations in it – resulting in over 150% year-on-year growth in the import of capital machinery in July this year. The opening of fresh letters of credit (LC) against capital machinery for the pharmaceutical industry grew by over 200% year-on-year in July, reflecting the business expansion efforts of the local drug manufacturers. In stark contrast to the boom in the pharmaceutical industry, the overall imports of capital machinery tumbled by 56% in July this year compared to the same period last year, according to the

Bangladesh Bank's data. The sector, however, saw a slowdown in imports of capital machinery and raw materials in September, registering a 25% year-on-year growth in LC settlement in the July-September period.

- The secretary to the Bangladesh Association of Pharmaceutical Industries (Bapi) said that export-oriented pharma companies went for mega investment after the government had announced a 10% cash incentive for pharmaceuticals exporters last year. Besides, there has been a surge in fresh investment amid the pandemic, as companies are investing in product development and new products relating to Covid-19 treatment, he added.
- The export of pharmaceutical sector surged by 20% in the July-October period of the current fiscal year compared to the same period last year. The country's overall exports saw less than 1% growth during this time. In the first half of the current fiscal year, Bangladesh exported pharmaceutical products worth USD 74 million – 5.7% higher than that of the same period a year ago.

<https://tbsnews.net/economy/industry/pharma-gets-pandemic-boost-157339>

Sales in retail shops rebound in September

- Sales in the country's retail shops rose in September and returned to close to pre-pandemic levels. People's monthly purchase through cards increased by 4.68% or BDT 603 million in the month. Purchase through e-commerce platforms was on the decline in August and September after reaching a record high of BDT 6.40 billion in July as people started to go outside and resume their daily activities on relaxation of social distancing regulations. Even after the fall, purchase from e-commerce platforms remained 108% or BDT 2.11 billion higher year-on-year in September.
- As per the Bangladesh Bank data, POS-based transactions, mostly carried out in retail shops and restaurants, increased to BDT 13.5 billion in September this year against BDT 12.9 billion in the same month last year. About the decline in e-commerce transactions in August and September this year, e-commerce businesses said that the panic among people about the coronavirus had been fading gradually and they had started to buy goods and commodities by visiting grocery stores and shopping malls physically.

<https://www.newagebd.net/article/121415/sales-in-retail-shops-rebound-in-september>

Covid proves blessings for mobile wallets

- Bangladesh's mobile financial service (MFS) has got a boost as its total transaction volume ballooned more than two and half times in four years, bankers and experts said on Friday. They said the paperless banking and digital advancement in the country have resulted in remote money transaction, reaching the doorsteps of the people. The central bank data showed that the monthly transaction through mobile phones in September this year was recorded at BDT 491.21 billion, 152% higher than the corresponding month of 2016.
- A total of 15 private banks and one public sector department is providing the MFS services to their clients over the years. Among them, the bKash is the leading player with it nearly 75% of the market share, followed by Rocket and Nagad with 10-12% each, market players said.
- Research director of the Centre for Policy Dialogue (CPD) said that the COVID was blessings for the MFS providers. The countrywide lockdown for more than three months

has become beneficial to the digital banking as people became familiar with the online and mobile service payment systems, resulting in the huge growth, he added. In recent days, a lot of new products and fresh services in the MFS, utility bill payment, and salary payment had also increased its growth.

<https://today.thefinancialexpress.com.bd/last-page/covid-proves-blessings-for-mobile-wallets-1605288840>

Q1 capital machinery imports plunge

- Import of capital machinery dropped by 38.95% or USD 525.05 million year-on-year in the first quarter of the current fiscal year 2020-21, a reflection of the dismal state of private sector investments in the country amid the COVID-19 outbreak. The latest central bank data on letter of credit settlement showed that payments against imports of capital machinery, a major component of economic expansion and a reflection of the enthusiasm of businesses to invest, dropped to USD 822.90 million in the July-September period of FY21 against USD 1.35 billion in the same period of FY20.
- Economists and industry sources said that businesses would try to use their existing capacities instead of making fresh investments as the situation was yet to become normal. The fall in imports of capital machinery and industrial raw materials was not unexpected, they said. Besides the existing coronavirus situation, concerns over a second wave of the virus in major export destinations of the country may prompt businesses to adopt a wait-and-see approach before making decisions about fresh investments.

<https://www.newagebd.net/article/121497/q1-capital-machinery-imports-plunge>

China growth helps Bangladesh economy: Report

- Bangladesh is among top five economies recovering faster as a result of Chinese growth, according to an international publication. The five economies that are dodging bullets of COVID-19 are: China, Vietnam, Bangladesh, Guyana and Guinea. The publication said the five economies are boosting as a result of the Chinese economy, which is expected to return to the pre-COVID period shortly. The publication named fDi intelligence said fellow manufacturing hub Bangladesh saw GDP growth slow to 3.8% in 2020, down by more than half of the previous year, following the initial stages of the Covid-19 outbreak, the IMF figures show. It, however, said Bangladesh's growth is expected to pick up moderately to 4.4% in the next fiscal year.

<https://today.thefinancialexpress.com.bd/first-page/china-growth-helps-bd-economy-report-1605288658>

Bank squeeze depositors in hunt for profit

- The interest rate spread has started to widen again as banks awash with funds have started to slash rates on their deposit products. At the end of September, the spread, which is a key determinant of a financial institution's profitability or lack thereof, stood at 3% after hitting a 12-month-low in July, according to the data from the Bangladesh Bank (BB). A year earlier, it was 3.91%.
- Private sector credit growth has been hovering around the 9%-mark since July against the central bank's target of 14.8% as the demand for funds is just not there. So in the absence of demand for funds, banks have turned to slashing the rates on deposits to improve their spread said the managing director of Pubali Bank. As a result, the interest rate spread has

slightly widened in September, he added.

• In September, the banking sector's weighted average deposit stood at 4.79%, down from 4.95% in the previous month. Pubali's weighted average deposit rate stood at 4.6% in September, down from 4.64% in August. Most of the banks have slashed their deposits rates to 5% and below, which is less than the government-instructed 6%, as there is no liquidity pressure in the market, according to the managing director of Pubali Bank.

<https://www.dhakatribune.com/business/banks/2020/11/15/bank-squeeze-depositors-in-hunt-for-profit>

Government looks to ramp up API production for burgeoning pharma sector

• Bangladesh, a laggard in the production of raw materials for the USD 3 billion pharmaceuticals industry, has made a four-fold jump in the manufacturing of active pharmaceutical ingredient (API) in the last decade to meet growing demand. But the current API production is still minuscule as the country needs to import USD 1.3 billion worth of raw materials every year for the pharmaceuticals sector. Drug-makers have to step up efforts to make more raw materials locally as the over-reliance on the imports is not viable because the supply chain could face disruption and the price may witness volatility, said industry people. Besides, it would not allow pharmaceutical companies to bring down the cost of raw materials and thus, the price of medicines.

• Although the API production has not grown in keeping with the pharmaceutical sector, local companies have been producing high-quality raw materials on a limited scale, helping the drug industry add value to their products. Ten local companies, including Eskayef, Square, Beacon and Beximco, produce APIs, said the secretary-general of the Bangladesh Association of Pharmaceutical Industries (BAPI), which represents about 250 local drug makers. According to him, Local production can at best meet 10 to 15% of the annual demand for the raw materials from the pharmaceutical sector.

• The government is setting up an API industrial park in Munshiganj to fill the void, cut reliance on foreign markets and save foreign currency. The park has been developed on 200 acres of land in the adjoining Dhaka-Chattogram Highway under Gazaria upazila at the cost of BDT 3.3 billion. It took around 12 years to build the estate after the government undertook the project in 2008. According to the secretary general of BAPI, if the API park can become fully functional, it would cater to 50 to 60% of the demand. He also added that Bangladesh would not be able to manufacture all the APIs due to patent issues. The country imports APIs mainly from China and India. Local API production can give Bangladesh two advantages. First, it will decrease the cost of locally manufactured drugs and add to the cost advantage in exports. Second, APIs can be exported too. The global API market size is worth USD 135 billion. So, there is a huge investment opportunity.

<https://www.thedailystar.net/business/news/govt-looks-ramp-api-production-burgeoning-pharma-sector-1995145>

Dhaka Chamber of Commerce & Industry (DCCI) president calls for a simpler revenue structure

• The Dhaka Chamber of Commerce & Industry (DCC) President Shams Mahmud on Saturday emphasized on increasing the tax-GDP ratio and ensuring an investment-friendly simplified revenue structure to reach the goal of becoming a developed nation. The DCCI president said that this year the NBR had set a revenue collection target of BDT 3.3 trillion which is 9.82% more than the revised budget of last fiscal. For that we need to widen the

tax net and online tax and VAT return submission system as well as simplification of return submission and hassle-free service., he added.

• He also requested to exempt VAT on lease rent for the registered industries that are in operation in the economic zones. He also suggested reducing the rate of advance tax for the local SMEs who import raw materials. A NBR member said, some 1,76,000 business houses registered under the RJSC and out of those, around 70,000 to 75,000 are TIN holders. But, only 36,000 from them submit their returns, he added.

<https://www.dhakatribune.com/business/2020/11/14/dcci-simplify-vat-system-for-better-sme-business-regime>

Travel tax collections plunge by 89% in Q1

• Travel tax collections slumped by 89.41% in the first quarter of the current fiscal year because of the coronavirus-induced travel restrictions imposed by most countries around the globe. The National Board of Revenue (NBR) has collected BDT 360 million in travel tax during the July-September (Quarter 1) period as against BDT 3.40 billion in the same period last year, according to the NBR data. Earlier, the NBR set the target of travel tax collection for Q1 at BDT 2.42 billion.

• For fiscal year 2020-21, the target for travel tax collection from outbound passengers has been set at BDT 14.57 billion. In the previous fiscal year, the NBR collected BDT 7.67 billion in travel taxes from passengers travelling by land, water and air. Commissioner of the Tax Zone-1, which is responsible for collecting travel taxes, said tax collections have declined significantly as many countries-imposed travel restrictions in the wake of Covid-19 pandemic.

<https://today.thefinancialexpress.com.bd/last-page/travel-tax-collections-plunge-by-89pc-in-q1-1605373172>

<https://www.newagebd.net/article/121596/travel-tax-collection-falls-by-89pc-in-july-sept>

Renewed push for allowing Indian companies in international bidding

• India has again pressed Bangladesh for allowing its companies to participate in international tenders floated by the government of Bangladesh, officials said. The High Commission of India, Dhaka has further requested the government ministry to look into the matter so that Indian companies are not excluded from participating in international tenders floated by the government of Bangladesh, said a recent note verbal.

• The commission claimed that Indian companies possess competence and experience to execute international contracts successfully and supply goods that meet global quality standards at competitive prices, the note verbales added. India does not place any such restrictions on Bangladesh companies interested in participating in international tenders floated by the former, it mentioned.

A senior official at the ministry of commerce told that the PPR 2008 does not add any clause that restricts any 'particular' country to participate in any tender process, let alone India. Any international tender is open to all and companies can participate by meeting the conditions, he added. The official, preferring anonymity, said the government's ministries concerned are examining the Indian concern if any particular country by any means faced restrictions.

<https://today.thefinancialexpress.com.bd/first-page/renewed-push-for-allowing-indian-cos-in>

[-intl-bidding-1605373928](#)

Internet banking customer number tops 3.0 million till September

• The number of internet banking users surpassed 3.0 million at the end of September as people found fintech-based transactions more convenient compared with physical visits to bank branches following the COVID-19 outbreak. Since the first coronavirus case was identified in the country in March, an estimated 0.41 million new bank customers have started to use internet banking services in a span of seven months, taking the total number of internet users to 3.0 million at the end of September from 2.6 million registered internet users at the end of February. In the first three months of the current fiscal year 2020-2021, the number of internet banking customers grew by 0.27 million from 2.7 million in June this year.

• The Bangladesh Bank data also showed that the volume of transactions through internet banking stood at BDT 70.1 billion in September whereas the amount was BDT 53.6 billion in the previous month. In June, transactions through internet banking reached a record high at BDT 74.2 billion when people were heavily panicked about the coronavirus infection. Monthly internet banking transactions reached 0.21 million in September this year while the figure was 0.14 million in the same month last year. Prompted by the increase in transactions through internet banking, the BB in September raised the interbank daily online transaction limit, including a five-fold increase in the limit for institutional users. For individuals, the daily limit was set at BDT 0.5 million executed through a maximum of 10 transactions using internet banking while the highest limit for a single transaction was set at BDT 0.1 million. The daily transaction limit for institutional users was set at BDT 1.0 million executed through a maximum of 20 transactions using internet banking while the highest limit for a single transaction was set at BDT 0.2 million.

<https://www.newagebd.net/article/121688/internet-banking-customer-number-tops-30-lakh-till-sept>

Bangladesh on track to becoming a USD 6.0 billion pharma market by 2025: Research Report

• The pharmaceutical market of Bangladesh is expected to surpass USD 6.0 billion by 2025 with an absolute growth of 114% from its 2019 levels, according to a report from a Dublin-based market insight and analysis firm, Research and Markets. According to the report, biotech pioneers of Bangladesh's pharmaceutical industry are considered as a valuable tool for the overall improvement and efficacy of the market. A majority of the growth will be contributed by local companies with a market share of more than 90% as similar to past trends attained over the last two decades, the report said.

• In recent times, local pharmaceutical companies have emerged as a game-changer by contributing more than 90% of the overall available medicines in the market. Market players estimate that the local market size of the sector was about BDT 250.0 billion (USD 3 billion) in 2019. In 2012, it stood at about BDT 9,390 and in 2017 it hit BDT 187.6 billion, according to the IMS Health Care Report. The pharmaceutical industry, a winner of the global market through dynamism and technology, experienced tremendous growth in the last decade and currently contributes 1.83% to the country's gross domestic product (GDP), according to industry people. Local pharmaceutical makers still have immense potential in the healthcare sector, as Bangladeshis spend around USD 2.04 billion abroad annually for medical treatment, which is 1.94% of the country's GDP, according to a market analysis by the Bangladesh Investment Development Authority (Bida).

• The top 50 companies are setting up their facilities at the Active Pharmaceuticals Ingredient Industrial Park in Munshiganj that will help in the production of patented and already opened active pharmaceuticals ingredients. It is expected that the development of the API Park will be complete by the next two years, which will reduce the expenditure related to the import of raw materials. The report said the share of generic drugs is expected to surpass 85% by 2025, which will further strengthen the dominance of local pharmaceutical companies in the market.

<https://www.thedailystar.net/business/news/bangladesh-track-becoming-6b-pharma-market-2025-1995741>

Government caps MFS's cash-out charge for safety net funds

• The government decision to distribute the fund under its social safety net programme through mobile financial services will ensure transparency and bring more unbanked people under the formal financial system, according to industry people. As part of its move to release the fund smoothly through the mobile financial service (MFS) providers, the government has fixed BDT 7 as the cash-out charge per BDT 1,000 withdrawal for the funds to be disbursed under the social protection programmes, according to a finance ministry circular on Thursday.

• Currently, Bangladesh runs more than 125 social protection programmes through 20 ministries and divisions. The government has allocated BDT 955.7 billion for social protection purposes in the current fiscal year, which is 16.83% of the entire budget and 3.01% of the GDP.

<https://www.thedailystar.net/business/news/govt-caps-mfss-cash-out-charge-safety-net-funds-1995745>

<https://tbsnews.net/economy/banking/mfs-cash-out-fee-govt-aid-set-07-158431>

Bangladesh to face setback

• The growth in international maritime trade stalled in 2019 owing to the slowdown in the world economy and trade, said the report released on Sunday by the United Nations Conference on Trade and Development (UNCTAD). It said the least developed countries are hit hard, given their limited resources and exposure to supply-chain disruptions such as in exports of textiles and clothing products (for example, Bangladesh). After rising moderately (2.8%) in 2018, volumes expanded at a marginal 0.5% in 2019.

• Bangladesh remains the country with the largest global share of recycled tonnage, accounting for more than half of the ships recycled in 2019. Together with India and Turkey, these three countries represented 90.3% of the ship recycling activity in 2019. Since 2016, global volumes of recycled tonnage have been on the wane. Volumes fell to 29,135 thousand gross tonnes in 2016, 23,138 thousand gross tonnes in 2017, 19,003 thousand gross tonnes in 2018 and 12,218 thousand gross tonnes in 2019.

• In the context of the pandemic, international organizations and industry have issued calls for governments to remove restrictions on the use and processing of electronic trade documents and the need for documentation to be presented in hard copy, the report said. The governments have made significant efforts to keep their ports operational and speed up the use of new technologies, including digitalisation.

<https://today.thefinancialexpress.com.bd/last-page/bd-to-face-setback-report-1605462096>

VAT refund made easier

- Businesses will be able to obtain VAT refund through purchasing raw materials on credit from now on. After the introduction of the new VAT and Supplementary Duty Act-2012 on July 1, 2019, many enterprises were facing the difficulties in obtaining the refund of the paid tax on raw materials that they purchased on credit. As per the VAT law section-46, traders will not be able to obtain VAT refund in case of any transaction above BDT 0.1 million without the banking channel.
- As per the clarification, manufacturers will have to register purchases on credit made through the VAT invoice (form 6.3), in the purchase account book once the raw materials reach the factory. They will also have to obtain rebate on the payment through VAT returns in the month it purchases. After the completion of payment, traders will be able to make decreasing adjustment of VAT (claiming rebate) within the tax periods. The NBR will be able to cancel the refund claim of businesses in case of any failure on complying with the procedures in the clarification.

<https://today.thefinancialexpress.com.bd/last-page/vat-refund-made-easier-1605462145>

Central bank eases digital payment

- The central bank has allowed banks, mobile financial and payment service providers to open personal retail accounts of micro merchants to help them get digital payment against their sales of goods and services. Under the new initiative, such accounts will be opened through direct supervision of officials or appointed agents of the banks as well as agent banking and financial service providers, according to a notice issued by the Bangladesh Bank (BB) on Monday. Bangladesh Bank official said it will help enhance the coverage of the digital payment ecosystem at the lowest level of trade and commerce in Bangladesh.
- This would require no tax identification numbers (TINs), value added tax (VAT) registration or any other documents except for the attestation from public representatives or certification from local professional bodies and national identification (NID) for opening such an account. Customers will not be allowed to continue his/her personal retail accounts along with the merchant accounts at the same time. Money from such an account can be transferred to another retail account, merchant account, personal account, to the retailers' own bank accounts and the cash-out service.
- There would be no limit to the number of transactions in receiving payments from personal accounts, retail accounts and merchant accounts. However, retailers would be allowed to receive up to BDT 30,000 in a day and up to BDT 500,000 in a month from personal account and retail account while the monthly threshold for receiving money from retailers and merchants would be BDT 300,000.

<https://today.thefinancialexpress.com.bd/last-page/central-bank-eases-digital-payment-1605549462>

<https://www.newagebd.net/article/121776/bb-allows-small-traders-to-receive-payments-from-e-wallet-mfs>

<https://www.dhakatribune.com/business/banks/2020/11/16/bb-invites-micro-traders-to-formal-banking-channel>

Tower sharing companies contribute little in 2 years of licensing

- Tower sharing companies, licensed by the Bangladesh Telecommunication and Regulatory Commission, made very little contribution to improving the country's

telecommunication network infrastructure in the past two years and in turn failing to improve service quality. In November 2019, the BTRC issued licences to four tower sharing companies — edotco Bangladesh Company Limited, TASC Summit Towers Limited, ISON Tower Bangladesh Private Limited (renamed Kirtonkhola Tower Bangladesh Limited), and AB Hightech Consortium. As per the roll-out obligations underlined in the tower sharing licensing guidelines, the tower sharing entities were supposed to start operation within 180 days of getting the licence.

- nsuring network coverage in all divisional headquarters within one year and district headquarters within two years, 30 per cent of upazilas within three years, 60 per cent of upazilas in four years and all upazilas within five years of getting the licence were the other roll-out obligations for the licensees. At least three of the two sharing companies took around two years to start operation on complexity over service-level agreement with telecom operators while another was in operation even before the issuance of licence as a subsidiary of a telecom operator. Dissatisfied with the development, posts and telecommunications minister Mustafa Jabbar told New Age recently that the licences to the tower sharing companies were issued so that they would be able to improve the quality of service of the telecom operators.

- Of the four companies, Kirtonkhola Tower Bangladesh Limited has yet to start building any towers. TASC Summit Towers Limited handed over its first tower to Banglalink. This was one of the 259 under-construction towers of Summit Towers. AB Hightech Consortium handed over 48 towers to Robi out of its contract to provide 100 towers to the operator. Edotco Bangladesh, the first tower company of the country, has continued building towers.

<https://www.newagebd.net/article/121775/tower-sharing-cos-contribute-little-in-2yrs-of-licensing>

The Economic Relations Division (ERD) starts work on slashing project aid

- The Economic Relations Division (ERD) has started work on revising the project aid allocations in the development budget amid the impact of COVID pandemic on the project implementation, officials said on Monday. The ERD would consult with all the government ministries and agencies to assess their project aid requirements in the next seven months of the current fiscal year. The COVID-19 has severely affected execution of the development projects in Bangladesh as the government ministries and agencies have implemented only 12.79% of the ADP in four months (Jul-Oct), the lowest in five years.
- The utilisation of the project aid (foreign aid) is much lower than expected during the period. According to the Implementation Monitoring and Evaluation Division (IMED), all the ministries and agencies during July-October period executed only 11.75% of their total BDT 705.02 billion aid allocations in the ADP for the current fiscal. The government framed a BDT 2.14 trillion ADP for FY2021, where it allocated BDT 705.02 billion in foreign aid.
- ERD official told that every year they revise the ADP cutting the project aid allocations against different projects. But this year the reality is different as coronavirus has slowed project development work in the last six months, he added.

<https://today.thefinancialexpress.com.bd/first-page/erd-starts-work-on-slashing-project-aid-1605547912>

Cabinet approves draft financial inclusion strategy

- The government has approved the draft of the National Financial Inclusion Strategy in

order to bring maximum number of people under the financial accounting system and arrange the financial benefits for them, reports UNB. The five-year strategy is being taken for 2021-2025 to improve the life and livelihood of people, particularly the poor, by bringing under all sorts of institutional financial services, said the cabinet secretary. The government has a plan to bring 100% people under the financial accounting system by 2025, he added

<https://today.thefinancialexpress.com.bd/last-page/cabinet-approves-draft-financial-inclusion-strategy-1605549222>

Recovery on track as steel, cement makers put up a strong Q3 showing

- All steel and cement makers reported losses in their last financial year that ended on June 30. The shutdown had brought all economic activities, especially construction works, to a grinding halt. BSRM's, the market leader in the steel sector, profit for the quarter stood at BDT 336 million, up 39.4% year-on-year. Its sister concern BSRM Steels staged an even stronger turnaround: its profits soared 1.5 times from a year earlier to BDT 358 million.

- Similarly, GPH Ispat's profit was up 67.7% year-on-year to BDT 275 million between July and September. GPH Ispat's 67.51%. Besides, RSRM's losing in the period at BDT 107.2 million, which profit at BDT 55 million in the same period of the previous year. The cement makers too saw a rebound after a washed-out April-June quarter, led by Premier Cement, whose profit shot up a whopping 95.5% to BDT 86 million in the three months to September.

- LafargeHolcim Bangladesh registered a 31% increase in profit in the July-September quarter. Its sales during the quarter edged up 3% to BDT 3.66 billion. Heidelberg Cement Bangladesh, one of the largest manufacturers of top-quality cement in Bangladesh, narrowed its losses during the quarter: it stood at BDT 27 million, down from BDT 143 million a year earlier.

<https://www.dhakatribune.com/business/stock/2020/11/17/recovery-on-track-as-steel-cement-makers-put-up-a-strong-q3-showing>

Foreign currency repatriation

- The central bank has asked the scheduled banks to facilitate repatriation of funds, without creating any obstacle, from the balances held in the foreign currency accounts, officials said. All the three types of foreign currency account holders, private foreign currency (PFC) account, non-resident foreign currency deposit (NFC) account and resident foreign currency deposit (RFC) account, have been allowed to repatriate their balances freely in line with the existing guidelines for Foreign Exchange Transactions-2018 (GFET), according to officials of the central bank.

- The officials said the central bank has already been informed that the existing foreign exchange regulations are not being followed by the authorised dealer (AD) banks, resulting in unnecessary harassment for the account holders in repatriating funds from their foreign currency accounts. A Bangladesh Bank senior official said the central bank has taken the measure to expedite the inflow of foreign direct investment (FDI) in Bangladesh in the near future.

<https://today.thefinancialexpress.com.bd/first-page/foreign-currency-repatriation-1605636125>

<https://www.dhakatribune.com/business/banks/2020/11/17/bb-eases-fund-repatriation-for-foreign-currency-account-holders>

<https://tbsnews.net/economy/banking/banks-asked-ease-fund-repatriation-foreigners-159280>

Japan to invest USD 2.0 billion in Bangladesh: Japan Ambassador to Bangladesh

- Bangladesh is the future destination of Japanese investments, Japan will make an investment worth USD 2.0 billion in the country, said Japan's ambassador. Of the amount, USD 1.0 billion will be invested in Arahajar upazila of Naryanganj district and another USD 1.0 billion at the Mirsarai Economic Zone (MEZ) in Chattogram district. He said that the deep-sea port of Matarbari of Cox's Bazar district, which is an extension of the Chittagong Port, Bangladesh's prime seaport, will play a role of the 'game-changer' in the country's economy. Currently, a total of 315 Japanese companies are doing business in Bangladesh," he further said

<https://today.thefinancialexpress.com.bd/trade-market/japan-to-invest-20b-in-bd-ito-1605634596>

Time to expand the bailout for SMEs

- To haul them up, the government in April announced a BDT 200 billion bailout package. But seven months on, making sure the funds are in the hands of the parties that need them the most has turned out to be quite the challenge for all. As of October, banks have disbursed just 42% of the sum among the CMSMEs despite a repeated push from the central bank to complete disbursement at the earliest. One such push was the announcement in July of a credit guarantee scheme (CGS) worth BDT 20 billion for the micro and small enterprises for funds disbursed from the stimulus package

- A CGS provides a third-party credit risk mitigation to lenders through the absorption of a portion of the lender's losses on the loans made to SMEs in case of default, typically in return for a fee. Banks will get 80% coverage of a credit given to an individual or a company. The scheme is yet to become functional, meaning banks are continuing to drag their feet in channelling funds to the sector. Now, experts and bankers have suggested that the government and the central bank top up the stimulus for the CMSME sector by lifting parts of the Indian government's new emergency credit line announced last week.

- Called the Emergency Credit Line Guarantee Scheme-2.0 (ECLGS-2.0), the package allows pandemic-hit businesses to take collateral-free loans with five years repayment tenure including one-year moratorium facilities. The central bank should also extend the tenure of loan repayment like in India because borrowers cannot repay the working capital loans within a year given that the second wave of the deadly virus is knocking at the door.

<https://www.dhakatribune.com/business/banks/2020/11/18/is-it-time-to-expand-the-bailout-for-smes>

National Board of Revenue (NBR) moots no deal if trade gap is wide

- The revenue board has suggested refraining from signing any free trade or preferential trade agreements with the countries having huge trade gap with Bangladesh. Free trade agreement (FTA) or preferential trade agreement (PTA) with India, China, Thailand, Malaysia and Indonesia should be avoided to heighten the gap. According to NBR; FTA, PTA or comprehensive economic partnership agreement (CEPA) cannot affect revenue collection as import revenue still contributes over 30% of the total tax revenue.

- According to available data, trade deficit between Bangladesh and China stood at USD 12,808 million in fiscal year (FY) 2018-19. India's exports to Bangladesh in FY 2018-19 were USD 9.21 billion and imports during the period were USD 1.04 billion. In FY 2018, export from Bangladesh to Malaysia was USD 232.42 million and import to Bangladesh USD 1.41 billion. The NBR has thus recognised the need for conducting feasibility studies by the government and non-governmental organisations and vetting by the NBR and other stakeholders prior to signing such deals.

- The NBR proposed signing FTA and PTA with the countries where Bangladesh may lose the existing trade benefits after its graduation to a middle-income country. It said the government should try to sign agreements with the European Union or the Association of Southeast Asian Nations (ASEAN). Talking to the FE, a senior commerce ministry official said that they are planning to sign CEPA with India which is under process. PTA with Bhutan would be inked on December 06 as the first bilateral trade agreement of Bangladesh. The official said the government is prioritising deals with other countries to boost bilateral trade.

<https://today.thefinancialexpress.com.bd/first-page/nbr-moots-no-deal-if-trade-gap-is-wide-1605721953>

Bangladesh Bank (BB) extends both policy coverage, tenure

- Considering the Covid-19 pandemic, the central bank has allowed more time for the exporters to realise their export proceeds. The tenure has been extended up to seven months instead of existing six months, and the coverage of the relaxed policy widened to all export sectors. Under the relaxation, authorised dealer (AD) banks are empowered to allow all exporters to extend the tenure of realising the export proceeds up to 210 days instead of 180 days, according to officials.

- The extended period for realisation of the export proceeds will equally be applicable for all sectors, depending on the necessity, till March 31 next year, according to a notification issued by the Bangladesh Bank (BB) on Wednesday. Earlier on July 23 last, the central bank had extended such policy, but only for the readymade garment (RMG) and textile goods exporters.

<https://today.thefinancialexpress.com.bd/first-page/bb-extends-both-policy-coverage-tenure-1605722069>

<https://www.dhakatribune.com/business/banks/2020/11/18/small-relief-for-exporters-as-bb-extends-timeframe-to-receive-proceeds-from-abroad>

<https://tbsnews.net/economy/trade/all-exporters-now-have-210-days-bring-export-earnings-159700>

<https://www.thedailystar.net/business/news/exporters-get-210-days-repatriate-earnings-bb-1997377>

<https://www.newagebd.net/article/121964/all-sectors-get-addl-time-to-repatriate-export-proceeds>

USD 6.6 million RMG orders gone as second wave hits Europe

- With collapsed apparel demands owing to the Covid-19 second wave in Europe, three international buyers have cancelled and held up orders worth USD 6.6 million this month. The buyers are Swedish retail giant H&M, French sporting goods retailer Decathlon, and Irish retailer Primark, according to officials of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). According to a top BGMEA official, some seven factories have reported order cancellation on the association's portal so far. They have reported USD

1.97 million in order cancellations and USD 4.63 million in suspension.

- When the first wave hit, H&M announced that it would not cancel any order placed with Bangladeshi apparel makers. It buys clothes worth about USD 3.0 billion a year from Bangladesh, which is about 10% of the country's apparel exports. Manufacturers claimed that international buyers had reduced order placements, prompting Bangladeshi factories to run at half their production capacity. At the same time, they also faced a drastic fall in product prices compared to the corresponding month last year, with the average price shrinking rate being 5.6%. Leading apparel suppliers and buyers' representatives said a number of buyers had halted order placements for up to six weeks. In some cases, they also cancelled some orders.

<https://tbsnews.net/economy/rmg/66m-rmg-orders-gone-second-wave-hits-europe-159877>

Container handling at Chittagong (CTG) port goes up

- Export-import trade through the Chittagong port is showing a positive trend this month compared to last month, despite fear of the second wave of Covid-19 pandemic. Until November 15, some 31,844 TEUs (twenty-foot equivalent units) of containers were shipped through the country's prime seaport, up from 28,853 TEUs in the same period of the last month, data showed. On the other hand, until mid-November, some 57,124 TEUs of containers arrived in the Chittagong port compared with 50,919 TEUs came by mid-October.

- Data of the Export Promotion Bureau (EPB) shows that export earnings fell by 17.19% in October compared to the same month of last year, deepening concern among the exporters. Former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told that the work orders suspended now by global buyers are supposed to be shipped next month or later this month. The shipment will fall next month as the apparel being the main export item mainly goes to America and Europe, where a grave situation now persists due to the pandemic. Import of raw materials may not fall next month, but export may decline at least to some extent, he added.

<https://today.thefinancialexpress.com.bd/last-page/container-handling-at-ctg-port-goes-up-1605722507>

Switzerland likely to extend duty-free access beyond 2027

- Switzerland is likely to provide Bangladesh with preferential market access past its graduation from the least-developed country bracket, following the lead of the EU, said Commerce Secretary. At present, Bangladesh gets duty-free market access to Switzerland as an LDC, as it does to the EU under its Everything but Arms scheme. But the EU has verbally agreed to allow Bangladesh to enjoy the duty-free market access beyond 2027. Now, Commerce Secretary has expressed hope that Switzerland would extend it, too. In fiscal 2019-20, Bangladesh exported goods worth USD 106.9 million to Switzerland and imported goods worth USD 288.5million, according to data from the Export Promotion Bureau.

<https://www.dhakatribune.com/business/economy/2020/11/19/switzerland-likely-to-extend-duty-free-access-beyond-2027>

In a turbocharged digital world, most IT companies are not minting money

- Of the 10 listed IT companies, eight have disclosed their numbers for the first quarter of

their 2020-21 financial year and profit of five have declined. During the period, Daffodil Computers saw its profit tumble the most: 65.4% year-on-year to BDT 8.1 million, according to its unaudited financial statement. After Daffodil Computers, Aamra Technologies saw its profit shrink the most: 22.5%. The company, which provides the financial industry with hardware, software and connectivity solutions, posted a profit of BDT23 million. Aamra Technologies blames the unavailability of products and constraints in the import channel for the slump in profit.

- Genex Infosys, the leading outsourcing provider of customer experience management, though posted profit growth of 16%. ADN Telecom, the leading ISP, MPLS, IPLC, and IP Telephony service provider in the country, also turned in profit growth between July and September.

<https://www.dhakatribune.com/business/stock/2020/11/19/in-a-turbocharged-digital-world-most-it-companies-are-not-minting-money>

Important News: Capital Market

Bangladesh Securities and Exchange Commission (BSEC) seeks BDT 150.0 billion from Bangladesh Bank to revive stocks

• The Bangladesh Securities and Exchange Commission has sought BDT 150.0 billion from the Bangladesh Bank for the development of the country's capital market. The regulator sent a letter to the central bank in this regard on November 12. The BSEC sought BDT 50.0 billion at low interest rate for state-run Investment Corporation of Bangladesh to strengthen the capital base and address the capital shortfall of the corporation. The securities regulator also requested the BB to create a BDT 100.0 billion fund for the stock market intermediaries including merchant banks, stockbroker and stock dealers to strengthen their capital bases and overall capacity. The ICB would act as the asset manager of the fund.

• The central bank would provide the funds at 3-4% interest rate for the tenure of 10 years. Interest rate for investment of fund would be 4% and 1% of interest would be reserved as sinking fund. The capital to be raised through the fund would be invested in corporate bonds or debt securities to be issued by merchant banks, stockbrokers and stock dealers.

<https://www.newagebd.net/article/121876/bsec-seeks-BDT-15000cr-from-bb-to-revive-stocks>

IPO of NRB Commercial Bank approved and explanations from the eligible investors of Lub-ref

• The securities regulator has approved the IPO (initial public offering) proposal of NRB Commercial Bank under the fixed price method. The bank will raise a capital worth BDT 1.2 billion issuing 120 million ordinary shares of BDT 10 each. The company will utilise the IPO proceeds to purchase government securities, invest in the secondary market and bear the IPO expense.

• NRB Commercial Bank became the first BSEC-approved bank being the fourth-generation commercial bank. As per the half yearly audited financial statement for the period ended on June 30, 2020, the Bank's NAV without revaluation stood at BDT 13.86, while the weighted average EPS of five years was BDT 1.55. Asian Tiger Capital Partners Investment and AFC Capital are working as issue managers of the NRB Commercial Bank.

• Meanwhile, at Wednesday's meeting the securities regulator took a decision of seeking explanations from the EIs who offered prices above BDT 50 for each shares of Lub-ref (Bangladesh) at the bidding. Those EIs will have to explain whether they participated at the bidding in line with the securities rules. At Wednesday's meeting, the securities regulator took another decision of imposing penalties on the chairman and three executives, among others, of the listed company Stylecraft for securing profits through unlawful process.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-of-nrb-commercial-bank-approved-1605718333>

<https://www.dhakatribune.com/business/stock/2020/11/18/nrbc-bank-lub-rref-ipos-get-the-green-light-from-bsec>

<https://www.newagebd.net/article/121936/nrbc-banks-BDT-120cr-ipo-approved>

<https://www.thedailystar.net/business/news/nrb-commercial-bank-gets-nod-go-public-1997409>

Pandemic takes a bite off dividends

• The financial uncertainty amid the Covid-19 pandemic has significantly increased the number of companies paying out none or very little dividend to their shareholders this year. A study of the Dhaka Stock Exchange data updated on 12 November reveals that the portion of listed companies announcing no dividends reached 20% – which doubled in a year. Frustrating investors, there appears a significant spike in the number of companies announcing poor dividends ranging between 1% and 9%. Of the 301 companies, 73 paid less than 10% dividends in the previous year, which has jumped to 90% this year. This year, also the number of companies paying more than 10% dividends, be it cash or stock dividends, fell to nearly 14% from 30% a year ago. However, most of the blue-chip companies are still paying robust dividends encouraged by their sound financial bases.

<https://tbsnews.net/economy/stock/pandemic-takes-bite-dividends-157390>

City Bank to issue BDT 4.0 billion perpetual bonds

• City Bank is set to raise BDT 4 billion through issuance of perpetual bonds to meet its capital requirement under additional Tier-I Capital. Earlier in June, the bank got the approval from the Bangladesh Securities and Exchange Commission (BSEC) to begin issuing the bonds. In the third quarter of this year, City Bank posted a profit of BDT 3.08 billion, up 18% year-on-year.

<https://www.dhakatribune.com/business/stock/2020/11/18/city-bank-to-issue-BDT-400-crore-perpetual-bonds>

Most non-bank financial institutions (NBFIs) see rise in profits

• Most of the listed non-bank financial institutions (NBFIs) posted higher profits in the July-September quarter thanks to the lower provisioning regime amid the ongoing pandemic. All but Peoples Leasing out of the 23 listed NBFIs published their financial reports. Of them, the earnings of 10 rose year-on-year, and four bounced back and returned to profits. The earnings of one NBFI remained the same, while the rest seven experienced a fall in the current year's third quarter.

• IDLC Finance booked higher earnings per share, followed by DBH and National Housing Finance. BD Finance, the Investment Corporation of Bangladesh, LankaBangla, and Midas Financing returned to the black after incurring a loss in the same quarter last year. Uttara Finance and International Leasing Financial services drowned into losses in the quarter.

Despite posting higher profits, investors are still feeling shaky to invest in the stocks of the NBFIs as they fear bad times are coming next year.

- According to the managing director of IDLC Finance, the NBFIs' margin rose on the back of lower deposit rates. When the deposit rate falls, banks and NBFIs get its benefits because their interest cost falls instantly. Their interest income drops slowly. Their interest cost falls instantly. Their interest income drops slowly. Many loans carry a fixed interest rate, and the loan contracts are made for three to four years. So, these loans bear higher earnings despite the fast fall of interest on deposit. Many NBFIs reduced their operating costs during the pandemic, which gave a boost to their profits.

- The rising non-performing loans (NPLs) are also a big headache for the NBFIs. The NPLs in 33 NBFIs in Bangladesh, including the listed ones, stood at BDT 89.1 billion as of June this year, which were 13.29% of the outstanding loans, according to data from the Bangladesh Bank. It was BDT 64.0 billion, or 9.53% of the total loans, in December last year. Of the listed NBFIs, the stocks of nine traded below their face value on the DSE on November 12.

<https://www.thedailystar.net/business/news/most-nbfis-see-rise-profits-1995137>

Mutual Trust Bank going big digitally

- Mutual Trust Bank has decided to go big in digital banking to provide services to the tech-savvy clients and bring the unbanked people under the formal financial system, said its top executive. As part of the facilities to provide financial services through different digital modes, the lender's clients are now allowed to transfer funds from their accounts to several mobile financial service (MFS) providers, such as bKash, Rocket and Nagad. The lender has recently introduced a new platform titled "MEasy", a fully-digitised banking service that provides a cutting-edge and hassle-free digital banking experience. Through the platform, clients can open new accounts sitting back at their homes. MEasy has been attached to the bank's mobile phone app—MTB Smart Banking.

<https://www.thedailystar.net/business/news/mutual-trust-bank-going-big-digitally-1994049>

Steel, pharma recover better than others

- The devastation wrought by the pandemic is still all too real for most businesses. The scars of the crisis are fresh, but a review of recent data on local corporates shows that recovery is back with some exceptions. Absorbing shock in the wake of shutdown, a number of local business enterprises have turned around. Some big names such as steel manufacturer BSRM, GPH, drug-makers Beximco, Square, Renata, Acme Laboratories, and biscuit producer Olympic Industries have posted profit growth for the July-September quarter. However, there is a mixed picture across the industries and within the companies as at least half the local manufacturing companies are yet to post a better business outcome compared to what was a year ago.

- Pharmaceuticals and fast-moving consumer goods companies were among those that performed comparatively better during the 66-day shutdown till the end of May. As the supply chain got disrupted and doctors wrote fewer prescriptions, not all pharmaceutical companies did well during the shutdown; but with the reopening of the economy, they kept witnessing better sales and profits, according to the Bangladesh Association of Pharmaceuticals Industries. Big drug companies such as Square, Beximco Pharmaceuticals, Renata, Acme Lab, and ACI – all posted higher sales and profits in the July-September quarter.

- Meanwhile, steel, cement and some other sectors dependent on construction were on the list of those hit hardest by the shutdown during the April-June period, but now are enjoying an increasing demand. Leading steel maker BSRM Group has two companies listed with the local bourses – BSRM Steels and BSRM Limited. The two suffered 70-96% drop in their April-June profits as their sales had dropped drastically and they had to bear a large amount of unavoidable costs.

<https://tbsnews.net/economy/steel-pharma-recover-better-others-158080>

Bangladesh Securities and Exchange Commission (BSEC) to curb insider trading

- The securities regulator has started developing a database of top officials, sponsor-directors and auditors of the listed companies, who are in the know about the price sensitive information (PSI), to fight against 'insider trading'. The information of the officials of the securities regulator and stock exchanges will also be included in the database

- The database will help the commission identify the possible link, if any, of directors-sponsors, top executives, and traders with suspicious transactions of listed securities said a BSEC spokesperson. The BSEC officials said the job of their market intelligence will start fully after determining specific areas of the department.

- An eight-point action plan will be implemented gradually to contain insider trading and other manipulations. Suspicious trade variations will also be probed into on a regular basis, said a BSEC Official. According to the regulator's work plan, a separate intelligence wing will be formed in near future subject to the sufficient manpower at the BSEC office. The BSEC officials have also said a team will be formed comprising the IT officials of stock exchanges and securities regulator to watch trading activities on a regular basis

<https://today.thefinancialexpress.com.bd/first-page/bsec-to-curb-insider-trading-1605373779>

Chittagong Securities Exchange (CSE) asked to resume trading, Dhaka Stock Exchange (DSE) to explain

- The securities regulator has asked the Chittagong Stock Exchange (CSE) to resume share trading of Rahima Food Corporation. At the same time, the Bangladesh Securities and Exchange Commission (BSEC) has asked the Dhaka Stock Exchange (DSE) to explain its position on the decision executed by de-listing the company from the main trading board.

- On July 20, 2018 the CSE suspended the share trading of Rahima Food Corporation as its operation had remained closed for more than three years. Before suspension of the company's share trading, the Dhaka Stock Exchange (DSE) delisted the company on the same ground following a decision of the exchange's board of directors

<https://today.thefinancialexpress.com.bd/stock-corporate/cse-asked-to-resume-trading-dse-to-explain-1605367542>

Robi's IPO hits market on Tuesday

- The initial public offering of the country's second largest telecom operator, Robi Axiata Limited, worth BDT 5.2 billion will hit the market on Tuesday. This will be the largest IPO on the country's capital market. According to the Dhaka Stock Exchange, subscription for

shares of Robi Axiata by eligible investors through the electronic subscription system under the fixed price method of the stock exchanges will start from 10:00am on November 17 and continue till 5:30pm on November 23.

- Each eligible investor who intends to submit application through the electronic subscription system of the exchange(s) must maintain a minimum investment of BDT 10 million only at market price in listed securities as on November 09, 2020, the web post said. During this period, general investors and non-resident Bangladeshis will also be allowed to subscribe to the IPO. The Bangladesh Securities and Exchange Commission approved Robi Axiata's proposal to raise BDT 5.2 billion from the country's capital market through an initial public offering on September 23.

- Robi will float 523.7 million shares at an issue price of BDT 10.0 each. Of the shares, 387.7 million shares would be issued to retail and institutional investors and 136.1 million shares would be issued to eligible directors and employees of Robi under the employee share purchase plan in conjunction with the proposed listing. Of the total IPO proceeds, Robi would utilise BDT 5.2 billion for network expansion and spend BDT 80.2 million to meet IPO-related expenses. With the issuance of new shares worth BDT 5.2 billion, the paid-up capital of the company would stand at BDT 52.4 billion from the existing BDT 47.1 billion. As per the company's audited financial statements for the year ended on June 30, 2019, Robi's net asset value per share (without revaluation) and weighted five years' average losses per share were BDT 12.64 and BDT 0.13 respectively. IDLC Investments is the issue manager of the IPO.

<https://www.newagebd.net/article/121594/robis-ipo-hits-market-on-tuesday>

Robi's giant IPO hits market tomorrow

- Robi, the country's second-largest mobile phone operator, is set to launch the initial public offering (IPO) tomorrow (Tuesday). The company has offered 523 million shares at a face value of BDT 10, accounting for 10% of the telephony firm's total outstanding stocks. The IPO will raise BDT 5.23 billion from a wide range of investors including its own employees, topping the BDT 4.86 billion raised by the GP, the country's biggest mobile phone service provider.

- Some 2.6% shares equivalent to BDT 1.36 billion has been reserved for Robi employees with a two-year-lock-in period. General investors, excluding the NRBs quota, can buy roughly 193.9 million shares or nearly 388,000 lots of 500 each. If all BO account holders of 2.4 million apply for the Robi IPO, one in every six applicants has the chance of winning a lot.

- The big-sized IPOs in Bangladesh so far are: GP's BDT 4.86 billion, MJL worth BDT 4.6 billion, ACME Lab at BDT 4.09 billion and MI Cement at BDT 3.13 billion. Robi stock is believed to be the cheapest considering its financials with the rival phone operators. Higher price-earnings mean expensive stock and such price earnings multiple belonging to Robi is BDT 0.4. i.e., it is cheaper than its rival, while the same of GP had BDT 13.03 at the time of listing.

<https://today.thefinancialexpress.com.bd/first-page/robis-giant-ipo-hits-market-tomorrow-1605461530>

Beximco Pharma's purple patch

- There is no doubt that Beximco Pharmaceuticals is its moment in the sun. The company

posted a 24.7% higher profit of BDT 1.08 billion between July and September. During the period, its sales increased 9.8% year-on-year to BDT 6.92 billion, the company said in its interim first-quarter financial statement for its 2020-21 financial year. Beximco Pharma's reporting year runs from July to June. This comes after the local pharma giant reported a 16.6% higher profit of BDT 3.54 billion for the financial year that ended on June 30.

- The demand for Bangladeshi pharmaceutical products in the global market is increasing, mainly due to product diversification and their superb quality, said executive director and company secretary of Beximco Pharmaceuticals. Between July and September, pharmaceutical exports raked in USD42.2 million, up 20.9% year-on-year, according to data from the Export Promotion Bureau. Bangladesh's domestic medicine market is worth about BDT 200 billion, according to industry insiders.

Square Pharmaceuticals saw its profit soar 17.2% to BDT 3.93 billion between July and September. It posted profit growth of 5.6% for the financial year that ended on June 30. Square Pharmaceuticals logged in profit of BDT 3.36 billion

<https://www.dhakatribune.com/business/stock/2020/11/16/beximco-pharma-s-purple-patch>

Olympic Industries has a cakewalk riding out pandemic

- Olympic Industries turning in back-to-back profitable quarters at a time when most are floundering. Between July and September, the company logged in profit of BDT 570 million, up 2.2% from a year earlier. In the preceding three months, when the country was in the thick of a general shutdown, Olympic, whose biscuits, confectionery and bakery products are hugely popular among middle-income households because of affordable price points, posted a profit of BDT 480 million against BDT 477 million a year earlier.

- Subsequently, Olympic logged in profit of BDT 2.02 billion in its 2019-20 financial year, up 8.2% year-on-year. Its sales between April and September stood at BDT 8.59 billion, up 19.7% from a year earlier. Managing director of Olympic Industries, credited the rise in demand for its biscuits amid the pandemic to the packaged form in which they are sold. Last month, the company announced bringing in new machinery, equipment and spares from China at an estimated cost of USD579,000.

<https://www.dhakatribune.com/business/stock/2020/11/16/olympic-industries-has-a-cakewalk-riding-out-pandemic>

Runner Automobiles slows down for pandemic

- Motorcycle seller Runner Automobiles, it seems, is having a tough time riding out the pandemic. Between July and September, its profit tumbled 39.9% year-on-year to BDT 127 million and its sales 33.5% to BDT 2.22 billion, according to its unaudited financial statement. Runner Automobiles is suffering for depressed sales for the pandemic, said its managing director and chief executive officer.

- The overall automobile industry has been tremendously impacted in the first half of 2020 due to new road transport act, the pandemic and other macroeconomic issues, Runner said in its statement for the 2019-20 financial year. Keeping its eye in the future, the company in August announced bringing in the famed off-road motorcycles of Austrian brand KTM to Bangladesh. Runner's lacklustre performance has deflated its stock price, since the pandemic began in March it gained around 1%

<https://www.dhakatribune.com/business/stock/2020/11/16/runner-automobiles-slows-down->

[for-pandemic](#)

Aramit Cement in hot water over interest-free loan to sister concern

• Aramit Cement, a Z-category stock, has run afoul of the securities regulator for lending about BDT 770 million to its sister companies free of interest over a five-year period while bearing the BDT 298 million of interest on the sum itself. Subsequently, the BSEC sought an explanation from Aramit Cement for the anomaly and also ordered a refund of the principal amount along with 9% interest within 15 days. The company, which is a concern of Aramit Group, showed a loss of BDT 232 million for the financial year that ended on June 30 and subsequently announced no dividend for its shareholders.

• Had the cement maker charged 10% interest on the loans to its sister concerns, it would have been able to pay at least 20% cash dividend, which would be equivalent to 20% of its paid-up capital of BDT 339 million, said the Bangladesh Securities and Exchange Commission in its letter dated November 11. Earlier in September 2018, MI Cement had provided interest-free loans to its sister concern, a transgression that led to each director getting slapped with BDT 1 million fine

<https://www.dhakatribune.com/business/stock/2020/11/16/aramit-cement-in-hot-water-over-interest-free-loan-to-sister-concern>
<https://www.newagebd.net/article/121687/aramit-cement-loans-associate-cos-at-zero-interest-violates-rules>

Dividend and EPS of listed IT companies mixed

• Listed IT companies have performed mixed in recommending dividend and reporting EPS (earnings per share) for just concluded financial year (FY) compared to previous FY. Out of 10 IT companies, the boards of directors of eight companies so far have recommended dividend ranging from 1.0% to 20% for the year ended on June 30, 2020. Of the companies, the EPS of five ones declined for the year ended on June 30, 2020 compared to same period of the previous year. On the other hand, the EPS of remaining three companies advanced for just concluded FY compared to same period of the previous year.

• Aamra technologies has recommended 10% cash dividend for the year ended on June 30, 2020. The company's EPS stood at BDT . 1.46 for the year ended on June 30, 2020 against BDT . 1.31 for the same period of the previous year. ADN Telecom has reported EPS of BDT . 2.86 for the year ended on June 30, 2020 against BDT . 2.25 for the same period of the previous year. The company's board of directors has recommended 15% cash dividend for the year ended on June 30, 2020.

<https://today.thefinancialexpress.com.bd/stock-corporate/dividend-and-eps-of-listed-it-companies-mixed-1605457735>

IPDC Finance sees record revenue, excess liquidity

• IPDC Finance Limited has declared record revenue and highest excess liquidity of all time. In 2020, IPDC's customer deposit has increased by 20.5% compared to December 2019 due to its innovative deposit campaigns. Besides, its revenue has grown by 29.1% year-over-year, while its classified loan ratio of 1.59% remains the lowest in the sector among the publicly listed diversified NBFIs. Despite the pandemic, IPDC has outperformed its own performance compared to the same period last year. It has maintained a strong capital base with an adequacy ratio of 17.50%.

• After setting aside adequate provisioning (for possible difficult times ahead), the company has registered BDT 500.30 million solid net profit after tax during the period from January to September 2020, which is 13.4% higher than that of last year. The company has also ended Q3 of 2020 with a strong liquidity cushion of BDT 8.25 billion that is the highest till date, and enough to meet its short-term obligations.

• IPDC Managing Director and CEO emphasised its technology enabled and socially responsible business models that focused on cottage, micro, small and medium enterprises (CMSMEs) as well as women. IPDC launched 'SME Bondhu' to help disburse the BDT 700-million stimulus package as per instructions from the Bangladesh Bank, he further added.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipdc-finance-sees-record-revenue-excess-liquidity-1605542978>

Dominage Steel holds IPO lottery draw

• Dominage Steel Building Systems will allocate 30 million ordinary shares among the successful applicants as the company conducted IPO lottery draw on Monday. The company has received a good response from the investors as the company received more than BDT 5.81 billion against IPO offer of BDT 300 million, according to a web posting on the Chittagong Stock Exchange. This also indicates that the investors had applied to buy more than 19 times the number of primary shares being offered by the company in its IPO. The IPO subscription for shares of the company was held between October 19 and October 25 this year.

• The company will utilise the IPO proceeds for acquisition of new plant & machinery (55.77%), building and other construction (30.14%), electrical installation (7.56%) and bearing the IPO related expenses (6.53%). As per the audited financial statements for the year ended on June 30, 2019, the company's basic earnings per share (EPS) were BDT 1.83, and its net asset value per share was BDT 19.81, according to its IPO prospectus.

<https://today.thefinancialexpress.com.bd/stock-corporate/dominage-steel-holds-ipo-lottery-draw-1605542808>

Bangladesh Securities and Exchange Commission (BSEC) to probe unusual spike in mutual fund prices

• The Bangladesh Securities and Exchange Commission (BSEC) on Tuesday formed an inquiry committee to investigate the recent and unusual price hike of mutual funds stock over the last two weeks. The prices of all 37 listed mutual funds had gone up irrationally. Although investors mostly aim for short-term profit, an extensive booking spree caused most of the funds to gain sharply in the recent rally.

• The inquiry committee, which will be led by BSEC Deputy Director was asked to submit a report within 30 working days. Sources at the commission said that the committee primarily will look into five mutual funds: CAPM IBBL Islamic Mutual Fund, SEML IBBL Shariah Fund, Vanguard AML Rupali Bank Balance Fund, NCCBL Mutual Fund-1 and Prime Finance First Mutual Fund.

<https://www.dhakatribune.com/business/stock/2020/11/18/bsec-to-probe-unusual-spike-in-mutual-fund-prices>
<https://tbsnews.net/economy/stock/bsec-committee-investigate-insane-price-hike-5-mutual-funds-159349>
<https://www.newagebd.net/article/121872/bsec-probing-abnormal-price-hike-of-5-mfs>

<https://tbsnews.net/economy/stock/bsec-committee-investigate-insane-price-hike-5-mutual-funds-159349>

Robi's CEO can't sell his shares for three years

• The Bangladesh Securities and Exchange Commission (BSEC) has imposed a three-year lock-in on the 2.6 million shares belonging to Robi's Managing Director and Chief Executive Officer. Shares were initially locked in for two years like the rest of Robi employees. Since his holding is upwards of 10% of the operator's shares, which essentially makes him a sponsor, his lock-in duration was extended by another year. As per public issue rules, sponsors and directors of a newly listed company cannot sell their stakes in the first three years from the first trading day. The duration of the lock-in period will begin from the first day of Robi's trading in bourses.

<https://www.dhakatribune.com/business/stock/2020/11/18/bsec-imposes-3-year-lock-in-on-robi-ceo-s-shares>

Dhaka Stock Exchange (DSE) to have pre-opening, post-closing sessions from tomorrow

• The Dhaka Stock Exchange (DSE) is set to introduce opening sessions, closing sessions and post-closing sessions from tomorrow with the view to creating the scope of determining justified opening and closing price of the listed companies.

• The pre-opening and opening session of DSE will be from 9:45 am to 10 am. Investors can only buy or sell shares in this session, where an ideal opening price can be determined in this session. The price determined by the highest number of investors will be the opening price of the shares. Meanwhile, the closing and post-closing sessions will begin at 2.30 pm after the end of normal transactions. Its duration will be 10 minutes. At this time, investors will not be able to offer a new share price. They will only get the opportunity to buy or sell shares at the closing price. The session will end at 2:40 pm.

• At the CSE, pre-opening is a 20-minute session while its Close Price Trading Session is a five-minute session. However, the circuit breaker the allowable limit for a price to move will be based on the closing price at the DSE instead of the new opening price.

<https://www.dhakatribune.com/business/stock/2020/11/17/dse-to-have-pre-opening-post-closing-sessions-from-tomorrow>

Apex goes global

• Apex Footwear has launched its first international outlet, finding its niche in Kathmandu, the capital of the Himalayan Kingdom of Nepal. The leading Bangladeshi footwear manufacturer, retailer and exporter, organised the launch of its "Venturini" store virtually on November 14. Customers in Nepal can now enjoy the exclusive collections offered by Venturini along with Apex's other private labels – Maverick, Sprint, Moochie, Nino Rossi, Sandra Rosa, and a wide range of accessories from internationally renowned brands Cross and Police, said Apex in a Facebook post.

• Apex continues to expand its footprint beyond Bangladesh as a brand that truly is "Born in Bangladesh, worn around the world", read the post. Apex came about on January 4, 1990, and is listed on both stock exchanges of Bangladesh. It has 260 sales points across the country. The company is already present in all major export markets, albeit behind the scenes in the form of its 135 global customers, including major shoe retailers in Europe,

North America and Japan. Nowadays it lays claim to being the largest shoemaker in South Asia, responsible for approximately 15% of the leather footwear export from Bangladesh.

<https://www.thedailystar.net/business/news/apex-goes-global-1996817>

Investors line up for Robi's record-setting IPO

• There is tremendous excitement in the bourse for the country's second-largest mobile operator Robi Axiata's initial public offering, which is set to eclipse its competitor Grameenphone's BDT 4.86 billion listing in 2009. Subscription for the IPO begins today and will stay open until November 23 for both resident and non-resident Bangladeshis.

• Since the stock market regulator gave the nod to the listing about 0.12 million beneficiary owner's (BO) accounts, which is a must to buy shares, were opened, according to data from the Central Depository Bangladesh Ltd (CDBL). In the preceding two months, about 63,560 BO accounts were opened. Market operators said the spike in BO accounts is to snap up Robi shares.

<https://www.dhakatribune.com/business/stock/2020/11/16/investors-line-up-for-robi-s-record-setting-ipo>

Capital market slump weighs on Mutual Fund (MF) industry

• The country's mutual fund (MF) industry remains smaller than many regional countries, including neighbouring India. For instance, India's MF industry has outsized Bangladesh's gross domestic product (GDP), thanks to top-notch professionalism of the Indian fund managers and aggressive marketing. The GDP of Bangladesh is estimated at USD 330 billion, lower than India's USD 368.41 billion mutual-fund industry as of October, 2020.

• The MF industry of Bangladesh is worth USD 1.65 billion only, which is much lower than those of Pakistan, Thailand and Malaysia. Local fund managers held the prolonged erosion in the capital market and inadequate publicity campaign responsible for the insignificant growth of the country's MF industry. According to information available with the Association of Mutual Funds in India (AMFI), the assets managed by the Indian MF Industry was 6.46 trillion rupees as on October, 2010 and the amount rose to 28.34 trillion rupee by October, 2020, a four-fold jump in a decade.

On the other hand, assets managed by MFs in Bangladesh were US USD 1.65 billion or BDT 137.24 billion as of September, 2020. In 2010, an amount of BDT 41.69 billion was managed under the portfolios of closed-end MFs. Among other regional countries, the size of MF is US USD 178.20 billion in Thailand, USD 5.60 billion in Pakistan, and USD 197.57 billion in Malaysia, according to information of the associations of fund managers of the respective countries. Presently, the number of listed MFs (closed-end) in Bangladesh is 37 while the number of open-ends is 61, according to the BSEC.

<https://today.thefinancialexpress.com.bd/first-page/capital-market-slump-weighs-on-mf-industry-1605721717>

GPH Ispat exports billet worth USD 10.0 million to China

• GPH Ispat Limited on Tuesday shipped 25,000 tonnes of MS billet worth USD 10.17 million out to China. It would be the largest ever consignment of the item in terms of volume and value from Bangladesh to any export destination, according to the local steel

manufacturer. The achievement has enhanced Bangladesh's image to global steel sector through the shipment, said the GPH Group Chairman. He also said the country's steel sector can export to different destinations after meeting the local demand as many of the plants' full capacity remain unutilised.

<https://today.thefinancialexpress.com.bd/trade-market/gph-ispac-exports-billet-worth-10m-to-china-1605717730>
<https://www.thedailystar.net/business/news/gph-ispac-starts-billet-export-china-1997349>

Overpriced bidding puts small investors at risk of loss

- Some rogue institutional investors are jeopardising the way prices are determined for stocks for their launch in the stock market, detrimentally affecting general investors. Their modus operandi: placing inflated price bids in the book-building process. This simple tampering disrupts the whole process designed to determine cut-off prices of initial public offerings properly. The book-building method comes to play when a company wants to issue stocks at a price higher than the face value.

- The process involves an underwriter, usually an investment bank, inviting institutional investors such as fund managers to submit bids for the number of shares they want along with the prices they are willing to pay for it. Apart from the book building method, there is also a "fixed pricing" method where the price is set prior to investor participation. Here the face value is taken as the issue price. If the bids are inflated, it unnecessarily raises the stock prices, forcing general investors to pour in more money than they would have otherwise to obtain the shares, explained stock investor Arifur Rahman, who has a decade's experience of the market.

- One recent instance of the blatant malpractice took place in the IPO price determination of Index Agro. The stock had a face value of BDT 10 and many renowned asset managers with good performance records bid with offers ranging from BDT 15 to BDT 20. However, 38 institutional investors bid more than BDT 70. Of them, 21 were of mutual funds. Some went as far as BDT 100. The BSEC recently formed a two-member investigation committee to identify anomalies in the IPO bidding of Index Agro. The regulator has long been irritated by such manipulation, for which it had issued a notification last year stipulating that bidders would have to purchase the stocks at the respective price they had placed in the bid. General investors in Bangladesh are allowed to buy stocks at prices 10% lower than the cut-off price. Though the notification brought some institutional investors to their senses, there were others who never flinched, presumably because they were not bidding with their own money.

<https://www.thedailystar.net/business/news/overpriced-bidding-puts-small-investors-risk-loss-1997417>

0.14 million BO accounts opened in a month amid IPO subscription binge

- Around 0.14 million new beneficiary owners' accounts were opened in the last one month as investors eyed the initial public offerings of companies, including Robi Axiata Limited. The number of active BO accounts stood at 24,52,831 on November 17, while the figure was 23,17,696 on October 15 this year, according to the Central Depository of Bangladesh Limited data. In the last 10 trading sessions, the number of BO accounts shot up by around 74,000. The subscription of Robi's IPO started on November 17 and will continue till November 23. Robi will raise BDT 5.2 billion through the IPO under fixed price method. This will be the largest IPO on the country's capital market. The Bangladesh Securities and Exchange Commission approved the Robi Axiata's IPO on September 23.

- The number of BO accounts plunged to 22, 84,802 on September 30. However, investors started opening or renewing BO accounts from the first day of October this year keeping an eye on Robi's IPO. Opening a BO account with the CDBL through a depository participant is a must for trading shares on the Dhaka and Chittagong stock exchanges. Of the current active BO accounts of 24,52,831, individual investors operate 15,69,944 accounts, investors jointly operate 8,69,316 accounts and 13,571 accounts are operated by different companies, the CDBL data showed.

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<https://www.newagebd.net/article/121966/135-lakh-bo-accounts-opened-in-a-month-amid-ipo-subscription-binge>