

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.22%) lost -10.87 points and closed the week at 4,869.09 points. The blue-chip index DS30 (-0.68%) lost -11.64 points and stood at 1,689.70 points. The Shariah-based index DSES (-0.89%) lost -10.03 points and stood at 1,118.85 points. The large cap index CDSET (-0.88%) lost -8.80 points and closed at 990.55 points. DSEX, DS30, DSES and CDSET showed YTD returns of +9.35%, +11.65%, +11.90%, +10.09%, respectively.

Total Turnover During The Week (DSE): BDT 31.5 billion (USD 371 million)
Average Daily Turnover Value (ADTV): BDT 6.3 billion ($\Delta\%$ Week:-19.4%)

Market P/E: 16.0x

Daily Index Movement during the Week:

Market performed five sessions during this week. Market performed negatively in the first session by -0.71% and continued to be negative in the second session by -0.57%. The market rebounded in the third session by +0.32% and continued to be positive in the fourth and final sessions by +0.59% and +0.15% respectively.

Sectoral Performance:

- Financial sectors posted mixed performance this week. General Insurance booked the highest gain of 14.74% followed by Mutual Fund (+5.30%), and Life Insurance (+2.63%). NBFi experienced the highest loss of 1.16% followed by Bank (-0.67%).
- All the non-financial sectors registered negative performance this week. Engineering experienced the highest loss of 4.27% followed by Telecommunication (-2.39%), Pharmaceutical (-2.04%), Fuel & Power (-1.48%), and Food & Allied (-0.80%).

Macroeconomic arena:

- According to experts and officials of Ministry of Foreign Affairs, Bangladesh's pharmaceutical export volume to Asean market can reach up to USD 1.2 billion from the present USD 60.0 million within the next four years if the technical and the non-tariff barriers are addressed
- Bangladesh's foreign exchange (forex) reserve crossed USD 41.0 billion-mark on Wednesday due to lower import payment obligations and higher growth of inward remittance. It rose to USD 41.1 billion on the day from USD 40.99 billion of the previous working day. The reserve was USD 41.0 billion on October 29 last.
- The central bank has slashed interest rate on ADB-funded refinancing scheme by 3.0% points aiming to help the Covid-19-hit cottage, micro and small enterprises (CMSEs), officials said. As per the revised policy, participating banks and non-banking financial institutions are allowed to charge their clients maximum 6.0% instead of 9.0% earlier under the refinancing scheme.

Stock Market arena:

- The securities regulator will restructure the boards of the listed companies if the sponsor-directors fail to hold minimum 30% shares jointly by November 30, 2020. In July last, the sponsor-directors of 42 listed companies were found non-compliant in case of holding minimum 30.0% shares compared to their respective paid-up capitals. As a consequence, the regulator gave them an ultimatum to comply it within 60 working days. The deadline expired on October 28 which was later extended until November 30 due to requests from some of the companies.
- Two publicly listed companies – GlaxoSmithKline (Bangladesh) Ltd and Monno Jute Stafflers Ltd – have changed their names. GlaxoSmithKline or GSK has been renamed as Unilever Consumer Care Ltd while Monno Jute Stafflers as Monno Agro and General Machinery Ltd. GSK Bangladesh's trading code will be "UNILEVERCL" and the trading code of Monno Jute Staffler will be "MONNOAGML from 26th November, 2020.
- The board of directors of Mercantile Bank Ltd has decided to issue coupon bearing non-convertible "Mercantile Bank 3rd Subordinated Bond" up to BDT 5.0 billion to strengthen its capital base. The bond issue, however, subject to approval from concerned regulatory authorities - Bangladesh Bank and Bangladesh Securities and Exchange Commission.
- Eastern Bank Limited has witnessed a 63% jump in its investment in risk-free government securities on the back of high returns from it. As a result, bank has earned BDT 1.3 billion from this investment in the third quarter of this year.

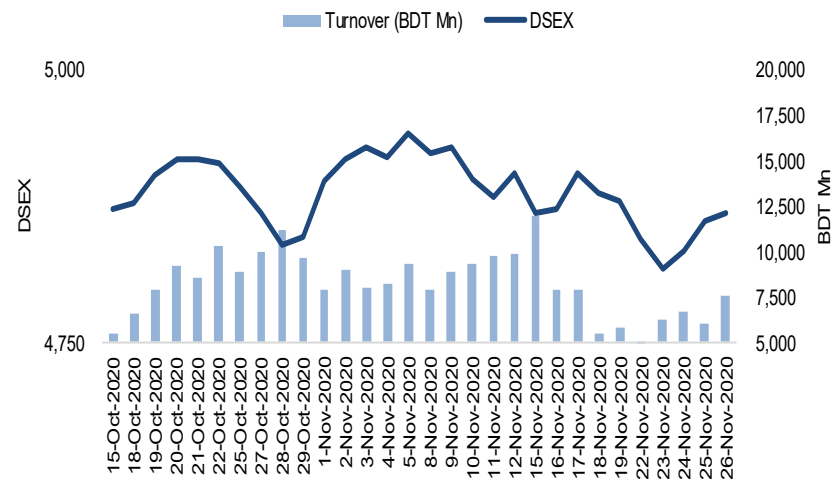
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,869.09	4,879.96	-10.87	4,452.93	-0.22%	+9.35%
DS30	1,689.70	1,701.34	-11.64	1,513.35	-0.68%	+11.65%
DSES	1,118.85	1,128.88	-10.03	999.83	-0.89%	+11.90%
CDSET	990.55	999.35	-8.80	899.76	-0.88%	+10.09%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	3,905,336	3,932,998	-0.7%
	Mn USD	45,967	46,292	
Turnover	Mn BDT	31,489	39,071	-19.4%
	Mn USD	371	460	
Average Daily Turnover	Mn BDT	6,298	7,814	-19.4%
	Mn USD	74	92	
Volume	Mn Shares	1,205	1,828	-34.1%

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
PRIMEINSUR	47.6	35.0	+36.0%	1,946	114.4	NM	2.7x
CONTININS	46.4	35.7	+30.0%	1,856	463.2	35.0x	2.4x
PROVATIINS	96.0	75.5	+27.2%	2,851	370.9	37.0x	4.6x
PRAGATIINS	61.7	49.1	+25.7%	4,047	171.7	16.1x	1.2x
RELIANCINS	65.1	52.3	+24.5%	6,846	172.4	10.4x	1.1x
GREENDEL	65.1	52.6	+23.8%	6,067	231.9	13.3x	1.0x
NITOLINS	68.7	55.9	+22.9%	2,762	829.4	11.9x	2.6x
SONARBAINS	53.0	43.4	+22.1%	2,122	331.9	24.8x	2.6x
DHAKAINS	54.6	45.7	+19.5%	2,191	154.6	22.6x	2.7x
KARNAPHULI	31.3	26.4	+18.6%	1,405	127.1	26.9x	1.7x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
SAFKOSPINN	11.2	12.7	-11.8%	336	21.9	NM	0.5x
SAPORTL	25.0	28.6	-10.8%	5,922	137.2	30.4x	0.8x
PENINSULA	18.6	20.2	-7.9%	2,207	81.3	50.3x	0.6x
SALAMCRST	19.4	21.0	-7.6%	1,908	7.8	42.2x	1.0x
BANGAS	123.8	134.0	-7.6%	944	64.9	59.9x	5.9x
GPHISPAT	25.6	27.5	-6.9%	10,166	22.6	24.8x	1.5x
TALLUSPIN	4.3	4.6	-6.5%	384	1.6	NM	0.4x
WALTONHIL	713.4	761.8	-6.4%	216,109	244.6	31.9x	2.7x
AAMRATECH	25.4	27.1	-6.3%	1,477	8.2	18.9x	1.1x
NAVANACNG	33.4	35.6	-6.2%	2,289	3.8	37.1x	0.9x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BXPBARMA	140.8	147.7	+4.9%	62,813	1,731	17.9x	1.9x
NITOLINS	68.7	55.9	+22.9%	2,762	829	11.9x	2.6x
BEXIMCO	24.4	23.2	+5.2%	21,382	780	47.8x	0.4x
NORTHRNINS	42.7	38.6	+10.6%	1,822	525	25.5x	2.0x
ADNTEL	56.8	49.6	+14.5%	3,672	524	19.9x	2.2x
PIONEERINS	80.6	72.6	+11.0%	5,640	501	10.9x	1.7x
SQRPHARMA	190.0	208.0	-4.1%	168,426	479	12.1x	2.1x
ASIAPACINS	85.3	80.4	+6.1%	3,612	467	47.0x	4.1x
CONTININS	46.4	35.7	+30.0%	1,856	463	35.0x	2.4x
BRACBANK	45.7	45.6	+0.2%	60,593	436	14.3x	1.4x

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	140.8	+123.2%	62,813	17.9x	1.9x
ACI	266.0	+46.6%	15,261	NM	1.9x
ISLAMIBANK	26.2	+37.2%	42,182	7.5x	0.7x
MARICO	2,104.1	+25.7%	66,279	22.7x	41.6x
UPGDCL	302.3	+23.2%	159,311	22.5x	4.8x
IDLC	55.6	+22.5%	20,964	10.4x	1.5x
UNILEVERCL	2,149.1	+22.4%	25,889	28.1x	18.3x
TRUSTBANK	30.8	+18.0%	19,814	6.5x	1.1x
LANKABAFIN	20.1	+17.2%	10,831	15.2x	1.1x
RECKITTBN	3,678.4	+15.2%	17,380	23.8x	33.7x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,330.78	1,339.80	1,319.28	-0.67%	+0.87%
NBFIs	1,775.83	1,796.73	1,565.13	-1.16%	+13.46%
Mutual Funds	955.57	907.47	591.17	+5.30%	+61.64%
General Insurance	3,898.91	3,398.06	1,927.02	+14.74%	+102.33%
Life Insurance	2,090.79	2,037.22	2,194.70	+2.63%	-4.73%
Telecommunication	4,440.59	4,549.28	3,993.59	-2.39%	+11.19%
Pharmaceuticals	2,912.27	2,972.99	2,492.51	-2.04%	+16.84%
Fuel & Power	1,610.52	1,634.73	1,515.21	-1.48%	+6.29%
Cement	1,180.65	1,184.62	1,132.29	-0.34%	+4.27%
Services & Real Estate	1,001.51	1,023.31	886.70	-2.13%	+12.95%
Engineering	2,913.55	3,043.58	2,257.22	-4.27%	+29.08%
Food & Allied	12,781.29	12,884.97	12,121.49	-0.80%	+5.44%
IT	2,241.30	2,156.50	1,823.13	+3.93%	+22.94%
Textiles	1,027.09	1,015.23	1,042.04	+1.17%	-1.43%
Paper & Printing	5,223.71	5,065.72	5,233.20	+3.12%	-0.18%
Tannery	1,651.35	1,656.45	1,826.45	-0.31%	-9.59%
Jute	9,008.85	8,474.79	11,393.28	+6.30%	-20.93%
Ceramics	425.97	422.30	459.10	+0.87%	-7.22%
Miscellaneous	1,856.82	1,843.97	1,745.96	+0.70%	+6.35%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	372.9	618.3	-39.7%	6.6%	7.7x	0.7x
NBFI	205.6	164.9	+24.7%	3.6%	123.2x	2.6x
Mutual Fund	799.3	1,859.4	-57.0%	14.0%	NM	0.9x
General Insurance	1,894.2	1,027.8	+84.3%	33.3%	21.7x	1.9x
Life Insurance	102.5	159.3	-35.6%	1.8%	NM	NM
Telecommunication	96.3	110.7	-13.1%	1.7%	12.4x	9.2x
Pharmaceutical	616.0	1,021.6	-39.7%	10.8%	18.6x	2.2x
Fuel & Power	218.4	332.3	-34.3%	3.8%	12.3x	1.4x
Cement	41.6	38.9	+6.8%	0.7%	28.3x	1.8x
Services & Real Estate	58.1	98.3	-40.8%	1.0%	85.2x	0.8x
Engineering	386.1	536.9	-28.1%	6.8%	30.3x	1.6x
Food & Allied	106.4	126.8	-16.1%	1.9%	20.9x	5.8x
IT	202.3	167.4	+20.9%	3.6%	23.7x	2.1x
Textile	188.9	228.8	-17.4%	3.3%	221.5x	0.7x
Paper & Printing	25.4	42.6	-40.3%	0.4%	61.7x	1.1x
Tannery	28.6	31.0	-7.5%	0.5%	NM	1.7x
Jute	26.7	12.2	+118.6%	0.5%	NM	10.6x
Ceramics	47.8	86.0	-44.4%	0.8%	57.0x	1.5x
Miscellaneous	275.0	280.6	-2.0%	4.8%	33.0x	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	140.2	-29.6%	3,365	NM	10.1x
RUNNERAUTO	46.9	-21.2%	5,325	36.9x	0.7x
GHAIL	16.7	-14.8%	3,604	NM	1.1x
IFADAUTOS	38.6	-14.8%	9,764	44.2x	1.0x
HEIDELBCEM	140.6	-14.7%	7,944	NM	2.0x
BRACBANK	45.7	-14.0%	60,593	14.3x	1.4x
UNIQUEHRL	39.5	-10.0%	11,629	87.8x	0.5x
SINGERBD	163.6	-9.3%	16,311	22.4x	5.3x
SHASHADNIM	21.6	-8.2%	3,046	10.5x	0.5x
GBBPOWER	13.0	-7.1%	1,323	11.4x	0.7x

Important News: Business & Economy

Mobile operators added 1.0 million users; lost 0.37 million internet subscribers in October

• The country's mobile phone operators added nearly one million new subscribers in October, taking the mobile user base to 168.06 million, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC). The total number of mobile phone users was 167.1 million in September. The latest data released on Thursday said the largest operator Grameenphone gained the highest number of subscribers in October. Grameenphone saw its customer base increase to 78.12 million from 77.59 million in the previous month, while Robi Axiata ended October with 50.41 million, up from 50.12 million in the previous month. Banglalink had 34.91 million mobile customers, up from 34.77 million, while Teletalk ended October with 4.61 million mobile customers, flat month-on-month. Subscriber means the biometric verified subscribers/subscriptions who have had any activity (voice, data, SMS etc.) at least once in the preceding 90 days.

• However, the report also shows the operators lost 0.37 million internet subscribers in one month. According to October data, there were 110.76 million internet subscribers at the end of October, down from 111.13 million in September. The fixed-line internet user base was flat compared to September at 8.65 million, while mobile internet users totaled 102.10 million, down from 102.47 million in the previous month. Internet subscribers are defined as people who have used internet at least once in the past 90 days. The number of mobile phone and internet subscribers in Bangladesh reached the highest ever in the country in September this year, according to September data released earlier this month.

• Some three million new internet subscribers were added in September, taking the total number of internet subscribers in Bangladesh to 111.13 million, according to the data. Mobile phone subscribers also went up by more than one million in the same month (September), registering a rise from the immediate pre-COVID-19 month of February. Mobile phone subscribers stood at 167.10 million in September, while it was 166.08 million in August and 166.11 million in February.

<https://today.thefinancialexpress.com.bd/last-page/mobile-operators-add-10m-users-1605809701>

<https://tbsnews.net/companies/telecom/telcos-add-96-lakh-mobile-users-oct-internet-users-drop-160336>

<https://www.thedailystar.net/business/news/mobile-phone-subscribers-the-rise-1998017>

<https://www.newagebd.net/article/122053/number-of-mobile-internet-users-drops-by-372-lakh-in-oct>

Bangladesh Bank (BB) relaxes outward remittance policy for foreign companies in Economic Zones

• Bangladesh Bank on Thursday widened the scope of outward remittance for foreign companies operating in various economic zones (EZs) across the country. However, the central bank notice said that the amount could be 1.0% of their annual sales revenue, while the companies must have their sales in BDT. Under the revised policy, legitimate current payments like audit fee, certification fee, commissioning fee, testing fee and valuation fee will be remittable within the purview of the 1.0% limit. However, payments that require permission from the relevant authorities including the Bangladesh Investment and Development Authority (BIDA), for remittances of royalty, technical knowledge/assistance, and franchise fees, will not be eligible for outward remittance.

• In another notice, the BB waived off on seeking first-time approval from it for maintenance or support fees for software. From now on, the authorised dealers of the banks can send money abroad. This facility will apply to authorised banks and industrial enterprises operating in domestic processing areas of EZs having sales proceeds in taka, the notice. Both the notices urged banks to conduct due diligence on issues regarding deductions and payments of taxes at source, value-added taxes and other levies applicable while undertaking the transactions.

<https://www.dhakatribune.com/business/banks/2020/11/19/bb-relaxes-outward-remittance-policy-for-foreign-companies-in-ezs>

<https://today.thefinancialexpress.com.bd/first-page/industries-to-remit-payments-sans-prior-bb-nod-1605809215>

<https://www.newagebd.net/article/122054/bb-widens-scope-for-remitting-income-outward-by-businesses>

<https://tbsnews.net/economy/banking/bangladesh-bank-widens-scope-outward-remittance-160300>

<https://www.thedailystar.net/business/news/bb-relaxes-rules-businesses-pay-fees-abroad-1998009>

Credit card spending falls as consumers tighten belts

• Spending through credit cards declined in September as consumers are still feeling the heat of the slower-than-expected economic recovery, while the threat of a second wave of coronavirus infections looms large. Total card loans held by lenders stood at BDT 12.5 billion in September, down 19.78% a month earlier, according to data from the central bank. Transaction through credit cards, however, rose 23.68% year-on-year. The volume stood at BDT 10.1 billion in September last year.

• The spending using credit cards drastically went down in the second quarter of 2020 because of the strict restrictions on the movement imposed by the government to keep the deadly flu at bay. In July, card transactions increased at a faster pace, which might be an indication of the pent-up demand after the lockdown eased, or an erosion of the purchasing capacity of consumers, said industry insiders. Clients took loans using credit cards to the tune of BDT 12.5 billion in July in contrast to BDT 9.0 billion in June. The credit volume rallied in August when cardholders took loans worth BDT 15.5 billion to make purchases. The figure came down sharply in September as uncertainty over the recovery from the pandemic deepened further because of a surge in infections.

<https://www.thedailystar.net/business/news/credit-card-spending-falls-consumers-tighten-belts-1998037>

Readymade garment (RMG) owners to get up to BDT 300.0 million for COVID safety measures

• RMG factories will get low-cost funds up to BDT 300.0 million for investment in improving their workers' safety to overcome the COVID-19 pandemic situation. The pre-finance credit facility is offered to eligible RMG factories under social upgradation aiming at improving the safety, health and hygienic facility of workers and workplace environment, said a circular issued by the Bangladesh Bank on Thursday. RMG owners will get the fund under the "Programme to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments Sector Project (SREUP)" formed by the government.

• The fund was constituted in March 2019 with a total size of around USD 17 million sponsored by AFD (Agence Française de Développement). The initial objective of the fund

was to provide funds to RMG factories for safety retrofits and environmental upgradation. Now, RMG industries will get the fund for COVID-19 related safety upgradation. The maximum limit for each factory is BDT 100.0 million or equivalent of EUR 1.0 million at an interest rate of 7%, according to SREUP fund guideline. The ceiling may be extended up to BDT 300.0 million or equivalent of EUR 3 million in case of major environmental upgradation or any other duly justified and documented case. Under this finance scheme, borrowers will get loans usually for 3 to 5 years which may be extended up to 7 years.

- Companies having ownership of both a RMG factory and the building where the factory is located, companies owning a RMG factory but not the building where the factory is located, and the owners of buildings where at least one RMG factory is located will get loans from the fund.

<https://tbsnews.net/economy/rmg/rmg-owners-get-BDT-30cr-COVID-safety-measures-160306>

Pharma companies seek exemption from import duties

- Country's drug makers have sought an exemption from all sorts of related duties and taxes on import of plastic items used in packaging exportable drugs, officials and industry insiders said. Currently, the government imposes 127.7%, 58.6% and 127.7% total tax incidence on import of HDPE/LDPE containers with or without child lock, sterile/aseptic PP/PVC bags, containers for infusion products and stoppers, lids, caps and other closures respectively, according to Bangladesh Association of Pharmaceutical Industries (BAPI).

- The production prices are going to go up many times due to higher customs duty, supplementary duty, regulatory duty, value added tax, advance tax (AT) and advance income tax on import of plastic packaging products. The pharmaceutical sector is being deprived of the desired incentive facility as the companies are unable to comply with the existing conditions. Besides, overall shipment costs of medicines have doubled due to higher tariff rates on imported quality plastic products required for packaging exportable items.

- Several pharmaceutical companies have already penetrated into some developed countries, including US, European Union, a BAPI letter reads. The size of the domestic pharmaceutical market is now BDT 250 billion, according to BAPI. Bangladesh's pharmaceutical industry meets 98% of local demand and exports medicines to 151 countries, it mentioned. Country earned USD 135.79 million by selling locally manufactured drugs in the international market, according to the Export Promotion Bureau (EPB).

<https://today.thefinancialexpress.com.bd/trade-market/pharma-cos-see-exemption-from-import-duties-1605803094>

NBFIs' profitability rises as cost of fund drops

- Two major components of profitability — return on asset and return on equity — of non-bank financial institutions increased significantly in the April-June quarter of 2020 amid the coronavirus outbreak due to availability of low-cost funds at the banking sources. A recent Bangladesh Bank report showed that the ROA of the NBFIs increased to 0.57% at the end of June this year against 0.21% in the same quarter last year. In the April-June quarter this year, the NBFIs' ROE increased to 5.32% against the 1.75-per cent ROE in the same quarter last year.

- An official of the central bank said that the entities had managed to lower their cost of fund

after the implementation of the 9-per cent rate by banks, a major source of funds for the NBFIs, on April 1 this year. Even though the implementation of the lending rate comes as a blessing for the NBFIs in terms of reduced cost of fund, they were not bound to pass down the benefit to their customers who borrowed funds from them. As a result, return on asset and return on equity of the NBFIs' increased significantly even during the peak of the coronavirus outbreak in the April-June quarter when business and economic activities almost came to a halt across the country.

<https://www.newagebd.net/article/122137/nbfis-profitability-rises-as-cost-of-fund-drops>

Local handsets grab 60.0% market share

- Some 10 telecom vendors have set up plants in Bangladesh considering the size of market coupled with an ever-increasing purchasing power of the population. The emergence of tech firms in just three years since 2017 now meets nearly 60.0% domestic demand, approximately 30-million handsets annually, people familiar with the development told. But an estimated 5.0-million handsets, allegedly, entering the country unofficially -- through smuggling and also as part of the air-passenger baggage. According to Business insider. Of the total 35.0 million devices, 25.0% belong to android category.

- Data available with the Bangladesh Telecommunication Regulatory Commission (BTRC) shows 12 manufacturers have so far got licences and 10 are in operation. Local electronic brand Walton was a pioneer in mobile manufacturing as it ventured sometime in 2017. Later, global smartphone vendors Samsung, Symphony, Oppo and Realme started production locally. Samsung began its manufacturing in association with a local partner in 2017, which is now able to produce over 7.0-million devices annually, said chairman of fair group

- Sources said nearly 60.0% taxes were levied on handset imports or completely built unit (CBU) smartphones while it is around 15.0% for locally manufactured or assembled ones. Official statistics showed some 168.1-million phone subscribers were in Bangladesh as of October 2020.

<https://today.thefinancialexpress.com.bd/first-page/local-handsets-grab-60pc-market-share-1605978892>

Tax evasion by multinational corporations (MNCs), individuals high in Bangladesh

- The tax abuse by multinational corporations (MNCs) and private individuals in Bangladesh is equivalent to at least three-fifths of the country's health budget, according to an estimate by Tax Justice Network (TJN). The annual estimated loss in tax in the county due to evasion is USD 703.40 million (or around BDT 60.0 billion), unveiled the TJN's latest report titled 'The State of Tax Justice 2020.' It also showed that the amount is at least 3.50% of the country's total tax revenue. The TJN estimated annual amount of tax revenue at USD 20.0 billion (or around BDT 1,695 billion).

- This, however, appears a conservative estimation as the country's annual total tax revenue collection was recorded at BDT 2,223.6 billion in the last fiscal year (FY'20). Of this, BDT 2,184.1 billion came through National Board of Revenue (NBR) sources. Of the total tax loss, around 95% or USD 674.0 million was due to 'global tax abuse committed by multinational corporations'. The rest of the amount of USD 29.0 million 'lost to global tax evasion committed by private individuals'. The estimated tax loss in Bangladesh is greater than both the global and regional average in terms of ratio, according to the report.

<https://today.thefinancialexpress.com.bd/first-page/tax-evasion-by-mnacs-individuals-high-in-bd-1605979215>

<https://tbsnews.net/economy/tax-revenue-loss-bangladesh-3rd-highest-south-asia-161068>

BDT 2.0 billion likely to be left

• Around BDT 2.0 billion is likely to be left unspent under the VAT Online Project (VOP) as some of the planned components have been made redundant for amendments brought to the VAT law, said officials. So far, BDT 2.6 billion could be spent out of the total estimated cost of BDT 6.9 billion for the much-talked-about initiative taken by the government to automate the value-added tax (VAT) system in order to increase revenue collection.

• The government took up the VOP in 2013 to implement the VAT and Supplementary Duty Act 2012, end the manual system involving VAT collection and replace a more than two decades' old VAT law. The idea was also to reduce the cost of businesses, improve compliance and increase revenue collection in the country, which has the lowest tax-GDP ratio in South Asia. Initially, the NBR had planned to start with a uniform 15.0% VAT rate on all goods and services, moving away from multiple VAT rates. But its enforcement was delayed on several occasions for lack of preparedness of the revenue administration and opposition from businesses, particularly from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

• Under the VOP, the NBR aims to connect its 12,287 VAT circles, 84 divisional offices, 12 Commissionerate and other VAT related offices under a single platform. It also aims to integrate with Bangladesh Bank, the Office of the Comptroller and Auditor General and the income tax department with a goal of increasing revenue collection, according to the NBR.

<https://www.thedailystar.net/business/news/tk-200cr-likely-be-left-1999009>

Government alerts banks about cyberattack threat

• The government has alerted banks about the threat of a cyberattack, instructing them to put in place precautionary measures to prevent hackers from stealing money. The financial institutions division of the finance ministry had sent a letter to banks on Thursday asking them to take necessary measures, said an official of a bank, preferring anonymity. A North Korean hacker group named "Beagle Boys", which had been involved in stealing money from the central bank's foreign exchange reserve in 2016, may try to hack into ATM booths of banks and the SWIFT (Society for Worldwide Interbank Financial Telecommunication) network to steal funds.

• In August, Bangladesh Bank had alerted banks about a possible cybersecurity threat to bank transactions through ATM booth, credit cards and other modes of online banking. Since then, almost all banks kept the service of automated teller machines (ATMs) and point of sales (POS) suspended from 12:00am to 7:00am. In an earlier cyberattack in February 2016, hackers stole USD 101.0 million from the Bangladesh Bank's account with the Federal Reserve Bank of New York. Of the sum, USD 81.0 million ended up in the Philippines and USD 20.0 million in Sri Lanka.

<https://www.thedailystar.net/business/banking/news/govt-alerts-banks-about-cyberattack-threat-1999049>

National Board of Revenue (NBR) trashes Bangladesh Investment Development Authority (BIDA) plea on VAT cut

• The revenue board has dismissed a number of proposals from the Bangladesh Investment Development Authority (BIDA) that the latter feels would help ease doing business in the country. The BIDA has suggested relaxing tax burden, in the form of VAT (value added tax), on financially vulnerable companies. But it is not logical to relax VAT payment provision as the companies collect the indirect tax from consumers, the National Board of Revenue (NBR) said

• The NBR also declined to accept another BIDA's proposal for the submission of VAT returns on a quarterly basis instead of the existing monthly filing. According to the NBR, the consumers pay VAT instantly just after obtaining any services or buying products. There are no difficulties for the submission of monthly returns showing the collected VAT.

• The BIDA made the proposals after it found the country's score in paying tax indicator of the World Bank report at 56.1 while India's score is 115, followed by Bhutan 15, Sri Lanka 142 and the Maldives 119, Malaysia 80, Thailand 68, Indonesia 81, Vietnam 109, Cambodia 138, and Singapore 7. In August, the global lender suspended its 'Ease of doing business' index after allegations of fraud emerged.

<https://today.thefinancialexpress.com.bd/first-page/nbr-trashes-bida-plea-on-vat-cut-1606065938>

<https://www.newagebd.net/article/122328/bidas-proposal-for-quarterly-vat-payment-system-rejected>

Exports to European Union (EU) made cheaper

• The state-owned Export Promotion Bureau (EPB) has reduced the service charges under the registered exporter system of the European Union following the demand from apparel makers, officials say. Exporters will have to pay a total of BDT 250 that included 10% income tax or BDT 20 and 15% VAT or BDT 30 on the service charge. Earlier, the state agency had decided that the registered exporters would have to pay BDT 375 to the EPB against each consignment of goods to be exported to the EU. Sources said that no exporters paid the previously fixed BDT 375 as service charges.

<https://today.thefinancialexpress.com.bd/last-page/exports-to-eu-made-cheaper-1606066525>

<https://www.newagebd.net/article/122327/epb-reduces-rex-fee-for-rmg-export-to-eu>

Pharma export to Asean market likely to reach USD 1.2 billion in 4 years

• According to experts and officials of Ministry of Foreign Affairs, Bangladesh's pharmaceutical export volume to Asean market can reach up to USD 1.2 billion from the present USD 60.0 million within the next four years if the technical and the non-tariff barriers are addressed. Bangladesh to attain the government set goal of USD 60 billion export figure by the turn of the year, the performance on the South East Asian front has to be much better said the Foreign Secretary. To popularize the Bangladeshi drugs in the Asean markets, single country product fairs need to be organized frequently and Bangladeshi companies need to set up branches there.

<https://www.dhakatribune.com/business/economy/2020/11/22/bangladesh-s-export-to-asean-market-likely-to-reach-1-2bn-by-4-years>

Two new deputy governors appointed to the central bank

- The government yesterday appointed two new deputy governors to the central bank. Bangladesh Bank's Executive Director Kazi Sayedur Rahman and Rajshahi Krishi Unnayan Bank's Managing Director AKM Sajedur Rahman Khan have been recruited for the posts, according to two separate circulars issued by the finance ministry. The duo will serve the banking regulator in the posts until they turn 62.
- Sayedur will hit the 62 years' mark on Jan 1, 2025, and Sajedur on Feb 1, 2024. Sayedur started his career with the central bank in 1988 as an assistant director. He was promoted as general manager for the foreign exchange reserve and treasury management department of the central bank in 2011 and executive director in 2016. He completed BCom (honours) in accounting and MCom from Dhaka University. Sajedur was promoted as the managing director of Rakub last year. Prior to this appointment, he was the deputy managing director of Sonali Bank. He completed his graduation and post-graduation in economics from Jahangirnagar University. With the addition of Sayedur and Sajedur, the banking watchdog now has four deputy governors.

<https://www.thedailystar.net/business/news/two-new-deputy-governors-appointed-1999557>
<https://www.newagebd.net/article/122311/two-deputy-governors-appointed-to-bangladesh-bank>

Bangladesh Bank cuts interest rate to 6.0% on lending to cottage, micro and small enterprises (CMSMEs)

- The central bank has slashed interest rate on ADB-funded refinancing scheme by 3.0% points aiming to help the Covid-19-hit cottage, micro and small enterprises (CMSEs), officials said. As per the revised policy, participating banks and non-banking financial institutions are allowed to charge their clients maximum 6.0% instead of 9.0% earlier under the refinancing scheme, according to a notification issued by the Bangladesh Bank (BB) on Monday. The revised interest rate on such loans under the scheme came into effect on November 18, 2020.
- On the other hand, lenders are eligible to borrow funds from the central bank under the scheme with paying 2.0% interest instead of 4.0% earlier, according to the officials. According to a senior BB official, around BDT 10.0 billion through 33 participating banks and NBFIs have been disbursed from the refinancing scheme.

<https://today.thefinancialexpress.com.bd/first-page/bb-cuts-interest-rate-to-60pc-1606152727>
<https://www.newagebd.net/article/122436/bangladesh-bank-sets-6pc-interest-cap-on-lending-to-cmsmes>
<https://www.thedailystar.net/business/news/breather-small-borrowers-2000073>

Advance-Deposit Ratio (ADR) of 11 banks above regulatory limit in September

- The Advance-Deposit Ratio of eleven banks remained above the regulatory limit even after three years of the central bank moving to streamline the ratio. The advances to deposits ratio measures loans (advances) as a percentage of deposits held by any financial institution. The central bank fixes the ratio with a view to minimise the risk to the depositors' funds. Prompted by the coronavirus outbreak and to contain its adverse economic impacts by issuing credit to businesses, the central bank in April this year relaxed the ADR. As per the latest instruction, traditional banks are allowed to issue the highest of BDT 87 as

advances or loans to its customers against receipt of BDT 100 from customers while the ratio was set at 92% for Shariah-based banks.

- As of September this year, the ADR of Agrani Bank (Islamic wing), BASIC Bank, AB Bank, EXIM Bank, First Security Islami Bank, National Bank, NRB Global Bank, Padma Bank, Premier Bank (Islamic wing), Union Bank and Rajshahi Krishi Unnayan Bank still remain beyond the allowable limit. The BB data showed that three banks Agrani Bank, BASIC Bank and Padma Bank were suffering with ADRs of above 100%. BASIC Bank's ADR was the highest at 114.52% among all banks while the rate was 108.57% in Agrani Bank's Islamic wings and 104.51% in Padma Bank at the end of September this year. The rate was 99.19% in Union Bank, 96.85% in EXIM Bank, 95.65% in RAKUB, 92.75% in National Bank, 92.41% in First Security Islami Bank, 91.65% in AB Bank, 90.61% in Premier Bank's Islamic wing and 88.91% in NRB Global Bank.
- In January 2018, the central bank lowered the ADR to contain the banks' lending spree in fear of a spike in non-performing loans in the embattled banking sector. The BB had cut down the ADR by 1.5%age points to 83.5% from 85% while Shariah-based banks were asked to bring down the investment-deposit ratio to 89% from 90%. The central bank increased the limit gradually based on the liquidity and economic situations.

<https://www.newagebd.net/article/122435/adr-of-11-banks-above-regulatory-limit-in-sept>

Contribution of SMEs to industrial employment is over 80.0%

- More than 98% of the total business enterprises in Bangladesh are SMEs and their contribution is 80 to 85% in the country's industrial employment, according to a research, reports BSS. SME Foundation conducted the research, titled 'Development of SMEs in Bangladesh: Lessons from German Experiences'. The study was supported by the German organisation Friedrich-Ebert-Stiftung (FES) Bangladesh. Among the SME enterprises, over 84.0% SMEs are located in villages while more than 80.0% are cottage industries, said the research study.
- According to the research, obstacles to the development of SME sector in Bangladesh include lack of financing, high interest rate on loans, shortage of skilled and unskilled workers, lack of connectivity with technical education institutes, lack of effective business network, and lack of information hampering production and marketing. The contribution of SME enterprises is only 40.0% to the country's economy, so it is necessary to focus on skill development in this sector, said the Prime Minister's Adviser on International Affairs

<https://today.thefinancialexpress.com.bd/trade-market/contribution-of-smes-to-industrial-employment-is-over-80pc-study-1606149033>
<https://www.dhakatribune.com/business/2020/11/23/study-contribution-of-smes-to-industrial-employment-is-over-80>

Global tech companies no longer need local bank accounts

- The National Board of Revenue has decided to relax the condition of having accounts in local banks for obtaining VAT registration number by global technology companies with no physical offices in Bangladesh. The NBR's value-added tax wing has already prepared a form through which tech companies, mainly social media giants such as Facebook, Youtube, Google and Netflix, would be able to apply for business identification numbers, known as VAT registration number. Foreign companies will be able to pay VAT directly from their overseas bank accounts to the government exchequer once the amendment comes

into effect. The companies, however, will have either to appoint a local agent or set up offices in Bangladesh to comply with the NBR's regulations.

- Since July 2019, a number of foreign companies, including Facebook, Netflix and Google, requested the NBR to allow them to obtain BINs directly without appointing VAT agents as local VAT agents were reluctant to take the VAT liabilities of foreign companies which had no establishment in Bangladesh. According to the NBR officials, the companies could avoid appointing VAT agent by setting up local offices in the country. The NBR will also reduce the number of information sought in the application. The NBR, however, is getting VAT from these companies as banks deduct the VAT at source at the time of remitting money to the companies. But it cannot check VAT evasion if payments are made through illegal means.

<https://www.newagebd.net/article/122432/global-tech-cos-no-longer-need-local-bank-accounts>

<https://today.thefinancialexpress.com.bd/first-page/vat-reg-to-be-eased-1606152417>

Foreign funding: Disbursement up, commitment down

- Aid commitments by development partners have seen a sharp fall although the disbursement of foreign funding has risen – a trend which has been apparent since the beginning of the current fiscal year 2020-21. In the July-October period of FY21, the commitment to fresh loans and grants from development partners reduced by 45.0%. But the release of foreign funding increased by 19.4% over the same period of Fiscal Year 2019-20. According to an updated report by the Economic Relations Department, in the first four months of FY21, the development partners pledged a total of USD 1,233.5 million. Of this, USD 1,040.9 million would be financed through debt and USD 192.6 million through grants. The pledged amount is USD 989 million less than what it was in the same period of the last fiscal year. The amount pledged in FY20 was USD 2,222.8 million.

- Meanwhile, foreign aid released till October of the current financial year amounted to USD 1,711.2 million – which is USD 278.0 more than the same period in the last fiscal year. The last fiscal year's disbursement was USD 1,433.7 million. Till October, the Japan International Cooperation Agency (JICA) released the most, USD 647.1 million, followed by the World Bank (WB) with USD 348.1 million, the Asian Development Bank (ADB) with USD 246.7 million and China with USD 246.4 million. The government is making an effort to get USD 500.0 million in financial assistance from the WB, ADB, JICA, and Asian Infrastructure Investment Bank to buy vaccines. Additionally, France and Germany have been asked to provide USD 200.0 million in aid. In addition, budgetary support of USD 250.0 million from the World Bank is likely in the current fiscal year.

<https://tbsnews.net/economy/foreign-funding-disbursement-commitment-down-162625>

Extreme poor's bank deposits halve in pandemic

- Deposits the extreme poor keep in bank accounts opened with BDT 10 halved at the end of the third quarter this year compared to the same period last year, but the number of accounts has increased slightly. According to the central bank's report on these no-frills accounts published on Tuesday, at the end of September, the balance in these accounts stood at BDT 1.9 billion, which was BDT 3.7 billion in the same period last year. Deposits decreased by BDT 1.7 billion (48%). As part of financial inclusion, in addition to the extreme poor, farmers, beneficiaries of social security programmes, freedom fighters, apparel workers, street children and the socially disadvantaged groups have the facility to open accounts with a nominal amount of money. In addition to BDT 10.0, accounts can be opened with BDT 50 and BDT 100. These are known as no-frills accounts.

- At the end of September this year, the number of such accounts was 22,056,710, and deposits in the accounts stood at BDT 21.8 billion. The number of accounts increased by 8.48%. However, the amount of deposits did not increase in line with the rise in the number of accounts. At the end of July-September quarter this year, deposits increased by only 0.33% compared to the same period last year. At the end of September last year, deposits stood at BDT 21.7 billion.

- 83.0% of these accounts and 79.0% of the deposits are held in five government and specialised banks. Farmers hold 44.0% of no-frills accounts. The highest deposits in these accounts belong to beneficiaries of the social security programmes, which is about 28.0% of total deposits. At the end of September this year, farmers had BDT 4.0 billion, the extreme poor BDT 1.9 billion, freedom fighters BDT 5.2 billion, social security programmes' beneficiaries BDT 6.1 billion, garment workers BDT 1.8 billion and others BDT 2.9 billion. During this period, BDT 4.97 billion came to the country in remittance through 0.125 million no-frills accounts. The highest amount of remittance, BDT 4.1 billion, was sent to farmers' accounts.

<https://tbsnews.net/economy/banking/extreme-poor-bank-deposits-halve-pandemic-162604>

SMEs play first fiddle in trading

- Trading has emerged as the most dominant SME business in Bangladesh followed by manufacturing, according to a latest survey released on Tuesday. The survey said some 69% SMEs is involved in the trading sector while 18% in manufacturing. The service sector consists of over 9.0%. And 95% of the enterprises cater to local markets. Only 1.3% was catering to the export market. The survey conducted jointly by IDLC Finance and think-tank Policy Research Institute of Bangladesh (PRI).

- The survey said 92.0% SMEs start business with their own resources while some 3.0% funds come from family and friends. Only 2.8% resources come from institutional sources, of which IDLC accounts for 1.0%. The study reveals 105.7% growth in employment generation by SMEs from its inception time. The largest growth rate has been found for salaried jobs with 134% over the entire period. It said the turnover in Chattogram is almost double those of other three regions.

- SMEs account for about 45.0% of manufacturing value addition, about 80.0% of the industrial sector employment and about 90% of total industrial units. They employ approximately 25.0% of the labour force. The industrial sector makes up 31% of the country's gross domestic product (GDP), most of which is coming from SMEs.

<https://today.thefinancialexpress.com.bd/last-page/smes-play-first-fiddle-in-trading-survey-1606242940>

<https://tbsnews.net/economy/power-smes-162634>

<https://www.thedailystar.net/business/news/smes-access-finance-double-employee-numbers-inception-2000641>

Banks find themselves in unfamiliar territory in agri-stimulus fund disbursement

- Banks are struggling to disburse funds from the BDT 50 billion rescue package announced by the government on April 13 for the farm sector for want of experience in giving out agricultural loans. As of October, the banks have disbursed BDT 22.68.4 billion, meaning they have a little over a month to give out the entire sum, according to the latest

data from the Bangladesh Bank (BB). As many as 43 banks have signed up with the central bank to disburse the agri-stimulus fund and most of them have disbursed 0.7% to 7.0% of their allotted sum. One Bank has disbursed the lowest amount: BDT 620 million.

• According to the managing director of Dhaka Bank, the effects of the pandemic and floods were the reasons for the delay, adding that the agricultural loans have to be distributed centered on the season. It is not possible to complete the disbursement process by December, the deadline should be extended further," said the managing director of Mutual Trust Bank. The bank has managed to disburse just 7.0% of its allotted sum to 57 farmers so far. Disbursing loans for the farm and small- and medium-sized enterprises sectors are more time-consuming than for large industries.

<https://www.dhakatribune.com/business/banks/2020/11/25/banks-find-themselves-in-unfamiliar-territory-in-agri-stimulus-fund-disbursement>

National Board of Revenue (NBR) allows import of painted completely knocked down (CKD) motorcycles

• The National Board of Revenue has allowed import of painted completely knocked down (CKD) motorcycles to facilitate the local assembling industry. Customs wing of the revenue board has recently extended the benefit up to June 30, 2021, suspending the previous ban on import of painted CKD motorcycles. Officials said that the benefit was offered following a demand made by the Bangladesh Motorcycle Assemblers and Manufacturers Association. The revenue board in the budget for the current fiscal year 2020-2021 discontinued the benefit it had offered for the last few years through amending a directive issued in 2015, they said.

• Motorcycle assemblers under a policy issued in 1997 by the NBR could import painted CKD motorcycles. Though the NBR in 2015 scrapped the benefit, it later continued the facility until June 2020. Since then, local manufacturers had been demanding continuation of the scope for painted CKD motorcycle import to cope with the negative impact of coronavirus outbreak.

• ACI Motors executive director Subrata Ranjan Das said that the continuation of painted motorcycle import facility would help the sector. But there are many other problems affecting import of CKD motorcycles as customs officials are halting release of the products over definitions of several technological matters put in the 1997 policy. The definitions are now outdated but officials are creating obstacles to releasing the imported CKD motorcycles due the definitions, he said. A huge number of motorcycles of various companies have remained stuck in ports, he added.

<https://www.newagebd.net/article/122517/nbr-allows-import-of-painted-ckd-motorcycles>
<https://www.thedailystar.net/business/news/import-painted-bike-components-allowed-again-2000645>

Apparel makers' letter of credit (LCs) woes

• Country's apparel manufacturers and exporters, mainly the ones using local raw materials, are facing difficulties in procurement of inputs due to complexities in opening back-to-back letter of credit (LCs), industry insiders said. They alleged that a number of banks have recently declined some exporters in this regard for not having their valid bond licence - a mandatory document to open the LCs. The customs bond commissionerate under the National Board of Revenue (NBR) issues licence for the exporters to avail bonded warehouse facilities to import raw materials without duty and taxes.

• The industry insiders alleged that the exporters have to face unusual harassment in obtaining the bond licence from the customs as they have to bribe the officials a significant amount of money for the licences. Currently, some 40.0% woven exporters, 60.0% of knitwear exporters, 70.0% of home textiles exporters and 95.0% of terry towel exporters procure 100.0% of their raw materials from local sources, the apparel exporters said.

<https://today.thefinancialexpress.com.bd/first-page/apparel-makers-lc-woes-1606241811>

Tax policy getting in the way of a thriving SME sector

• The country's existing tax policy does not support the small- and medium-sized entrepreneurs to flourish; rather it holds back their progress, said experts on Tuesday. The impact of tax policy is severe on SMEs. For instance, an entrepreneur has to pay 7.0% advance income tax, whereas his/her gross profit margin is 5.0%, said a former economist of the International Monetary Fund. When a manufacturer wants to produce a part of its product by an SME entrepreneur through subcontracting, he/she has to pay a 10.0% value-added tax, which increases the cost of doing business.

<https://www.dhakatribune.com/business/economy/2020/11/24/tax-policy-getting-in-the-way-of-a-thriving-sme-sector>

Government domestic borrowing dips 61.0% in first quarter

• The government's tendency to borrow from internal sources for the budget implementation has decreased drastically. In the first quarter of the current fiscal year, the government has borrowed about one-third of the amount it borrowed in the corresponding a year ago. The Bangladesh Bank's monthly report titled "Government's Domestic Borrowing" published on Wednesday revealed this information. The report prepared on the July-September data states that the government has borrowed BDT 128.7 billion from banks and the non-bank sectors, down from BDT 333.1 billion year-on-year. The government has set a target to borrow around BDT 1.1 trillion from domestic sources in the current financial year.

• During the July-September period of this fiscal year, the National Board of Revenue (NBR) collected tax amounting to about BDT 500.0 billion. The revenue collection target set for the current fiscal year is BDT 3.3 trillion. The ADP implementation rate during the same period was over 8.0%, same as the proportion observed in the same period in the previous year. The government usually borrows the highest amount from banks. It has set a target to borrow around BDT 850.0 billion from the sector in fiscal year 2020-21. However, the government did not take any loan from banks in the first three months ((July-September) of the fiscal. Instead, it repaid BDT 10.5 billion from previous loans. In the period last year, the government's bank borrowing amounted to BDT 276.0 billion.

<https://tbsnews.net/economy/govt-domestic-borrowing-dips-61-first-quarter-163054>

Forex reserve crosses USD 41.0 billion

• Bangladesh's foreign exchange (forex) reserve crossed USD 41.0 billion-mark on Wednesday due to lower import payment obligations and higher growth of inward remittance, officials said. It rose to USD 41.1 billion on the day from USD 40.99 billion of the previous working day, according to the central bank's latest data. The reserve was USD 41.0 billion on October 29 last.

• According to a senior official of the Bangladesh Bank (BB), the country's forex reserve has

crossed the mark again following lower import payment pressure and higher inflow of remittance in the recent months. USD from the commercial banks directly has contributed to achieve the record reserve. Foreign loans and assistance have also helped push up the reserve, he added.

<https://today.thefinancialexpress.com.bd/first-page/forex-reserve-crosses-41b-1606327715>
<https://tbsnews.net/bangladesh/forex-reserves-cross-41-billion-again-163045>

Dictated credit, lack of data on bad borrowers blamed

- Bankers and academicians have cited overfinancing, dictated credit, lack of sufficient information and database of bad borrowers as key reasons for rising non-performing loan (NPL) in Bangladesh. Bad choice of clients, unfavorable legal system for banks and a lack of strong credit rating system are among other reasons behind growing NPL. Banks should have a right to reward and punish good and bad borrowers by imposing different rate of interest instead of capping 9.0% for all borrowers.

- According to the deputy governor of Bangladesh Bank (BB), the legal system is not favorable to recover money from a bad loan. BB executive director said bankers are not much interested in providing loans to small businesses. There are many defaulters who are bankrupt not for their inability to repay, but for their unwillingness, he added. Mutual Trust Bank managing director (MD) and CEO said the NPL situation in the banking sector has worsened in the past four to five years. NPL was good in the 2000s, 9.5% NPL is not good at all. There is no reason to be satisfied that NPL is good in Bangladesh among SAARC countries, he further added.

<https://today.thefinancialexpress.com.bd/last-page/dictated-credit-lack-of-data-on-bad-borrowers-blamed-1606327840>
<https://www.thedailystar.net/business/news/higher-gdp-growth-fails-translate-lower-npl-bibm-2001217>
<https://www.newagebd.net/article/122598/banks-defaulted-loan-situation-to-worsen-in-2021-bibm>

Government weighs possibility of joining Regional Comprehensive Economic Partnership (RCEP)

- Bangladesh's inclusion in the Regional Comprehensive Economic Partnership (RCEP) and the Association of Southeast Asian Nations (ASEAN) would be an uphill task, given the high tariff gap between Dhaka and the members of the two initiatives, an official says. Bangladesh's average tariff is 14.8%, which has to be lowered to an average of 1.0% to 2.0% if it wishes to sign a free trade agreement (FTA) with ASEAN member states, officials said.

- The Bangladesh Trade and Tariff Commission (BTTC) conducted a feasibility study recently on the possibility of signing an FTA with ASEAN member states. The average tariff rate of Brunei is 0.2%, Cambodia 11.1%, Indonesia 8.1%, Laos 8.5%, Malaysia 5.6%, Myanmar 6.5%, the Philippines 6.2%, Singapore 0.0%, Thailand 9.6%, and Vietnam 9.5%. Commission member told that since the ASEAN is not a customs union, Bangladesh will have to sign FTA deals with the member states individually. According to the study, Bangladesh's annual revenue loss would be nearly USD 1.03 billion if FTA is signed.

<https://today.thefinancialexpress.com.bd/trade-market/govt-weighs-possibility-of-joining-rcep-1606324009>

Bangladesh Bank (BB)'s concern to follow Reserve Bank of India (RBI)'s lead and merge weak banks with sound ones

- Earlier on November 17, the Reserve Bank of India proposed the merger of capital-starved 94-year-old Lakshmi Vilas Bank with the Indian arm of Singapore's DBS Bank, which its cabinet yesterday agreed to. This raises the question: should such an exercise take place across the border. At present, 60 banks are in operation and the window for getting a new licence is not firmly shut. Earlier in February, the Bengal Commercial Bank got the licence from the Bangladesh Bank, and two more, People's Bank and Citizen Bank are waiting in the wings for their golden ticket.

- As of June, ten banks including six state-run ones jointly faced a total capital shortfall of BDT 213.2 billion, according to data from the BB. The state-run specialised lenders BKB and RAKUB have negative capital adequacy ratio (CAR), Bangladesh's banking sector has maintained the lowest capital adequacy ratio (CAR) among its South Asian counterparts, according to the BB's Financial Stability Report 2019.

- About 72.0% bankers are in favour of bringing down the number of banks through merger and acquisition, particularly the weak ones, according to a survey of the Bangladesh Institute of Bank Management (BIBM). At present, the BB does not have the authority to force a merger like the RBI. ut recently, the central bank in a draft bill sought amendments to the Bank Company Act 1991 and spelt out its plans for 'structuring', 'merger' or 'liquidation' of the bank companies in trouble.

<https://www.dhakatribune.com/business/banks/2020/11/26/should-the-bb-follow-the-rbi-s-lead-and-merge-the-weak-banks-with-the-sound-ones>

Important News: Capital Market

IFAD Group to set up BDT 4.3 billion industrial complex at Bangabandhu Shilpa Nagar

- IFAD Group is keen to invest BDT 4.3 billion to set up an industrial complex at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) as it looks to make a foray into the growing motorbike and automotive component segments. The group placed its investment plan to the Bangladesh Economic Zones Authority (Beza) on Monday, seeking 30 acres land at the sprawling industrial city in Mirsarai, Chattogram. IFAD intends to set up three factories in the proposed industrial complex: a manufacturing and assembly plant for motorcycles, a factory for automotive components, and a blending plant for machine lubricants. 30.0% of the project cost, or BDT 1.3 billion, would come from the company's retained earnings and the remaining 70%, or BDT 3.0 billion, would be borrowed from banks.

- According to the managing director of IFAD Autos, there is a huge business opportunity in Bangladesh for automotive components as there are more than 1.0 million commercial cars and 1.6 million passenger cars and they need spare parts. The demand for auto components is growing. Now, the demand is met through imports. The market size of automotive components in Bangladesh was about BDT 14.0 billion to BDT 15.0 billion last year with an annual growth rate of 10 to 12% over the previous one decade, according to an estimate by automotive part importers. The global automotive component market size is more than USD 2.0 trillion, supplied by the light engineering industry.

<https://www.thedailystar.net/business/news/ifad-group-set-BDT-433cr-industrial-complex->

[bangabandhu-shilpa-nagar-1998021](https://www.newagebd.net/article/122135/poor-dividend-declarations-irk-stocks-investors)

Poor dividend declarations irk stocks' investors

• A large number of listed companies have declared nominal or no dividend for shareholders for the financial year 2019-20 that have annoyed investors. As per the recent dividend declarations, around 36 listed companies declared no dividend while 24 companies declared 0.25% to 2% cash dividend for the financial year 2019-20. Only a number of companies which declared better dividends met the investors' expectation in the year. Most companies announced 10% dividend or below in FY20. Market operators said that investors expected better dividends from the companies but such declarations had disheartened them and would keep them away from making long-term investments.

Market operators said that the companies had declared such minimal dividends to save their companies from falling into the 'Z' category. The BSEC recently issued a rule under which 'Z' category companies must restructure their boards within 45 working days from the first day of being placed into the junk category. In addition, it imposed various restrictions on the board of directors of the companies in the 'Z' category. The companies must also pay additional taxes if they declared higher bonus dividends than cash dividends. Therefore, the companies preferred to declare minimal cash dividends to avoid penalty.

<https://www.newagebd.net/article/122135/poor-dividend-declarations-irk-stocks-investors>

Baraka Patenga Power to float IPO

• Baraka Patenga Power Limited (a subsidiary of Baraka Power Limited) will float primary shares through Initial Public Offering (IPO). The chairman explained the financial impact of Baraka Power Limited if its subsidiary company listed in the capital market. Shareholders also expressed their views and showed positive remark regarding IPO process of Baraka Patenga Power Limited.

<https://today.thefinancialexpress.com.bd/stock-corporate/baraka-patenga-power-to-float-ipo-1605887794>

Mercantile Bank to issue BDT 5.0 billion bond

• The board of directors of Mercantile Bank Ltd has decided to issue coupon bearing non-convertible "Mercantile Bank 3rd Subordinated Bond" up to BDT 5.0 billion to strengthen its capital base. The bond issue, however, subject to approval from concerned regulatory authorities - Bangladesh Bank and Bangladesh Securities and Exchange Commission, said the disclosure.

<https://today.thefinancialexpress.com.bd/stock-corporate/mercantile-bank-to-issue-BDT-50-billion-bond-1605887719>

At least BDT 90 million a must for new brokerage license

• A local firm, if not disqualified on some common specific grounds, must invest at least BDT 90 million in total in the form of paid-up capital, security deposit and registration fee to get a stock brokerage license. The amount goes as high as BDT 160 million if the applicant company is a foreign-owned one while local-foreign joint ventures are required to invest at least BDT 130 million for availing a brokerage license from local bourses, says the Bangladesh Securities and Exchange Commission (Trading Right Entitlement Certificate) Rules 2020.

<https://tbsnews.net/economy/stock/least-BDT9-core-must-new-brokerage-licence-160339>

Investors dashing for Robi's shares

• Robi is a dream IPO for the current situation, said Mohammed chief executive officer of UCB Capital Management. And it is coming with no premium, so investors will get to snap up a slice of a multinational company that maintains good governance and very good future plans at BDT 10.0 each. Robi will offload 524.0 million shares, which is about 10.0% of its stakes, in lots of 500.

• Since the stock market regulator gave the nod to the listing, which will be the biggest yet in the bourse's history, on September 23, 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). The excitement is simply because Robi is a multinational company and the market needs all the multinational companies that it can get, said the president of the Bangladesh Merchant Bankers' Association.

• However, it is widely believed that multinational companies have better corporate governance, operational efficiency and draw the best talent. In the first six months of this year, Robi logged in profit of BDT 772 million and Grameenphone about BDT 18.0 billion. Robi has yet to unveil its earnings from the third quarter; Grameenphone has posted a profit of BDT 8.9 billion.

<https://www.dhakatribune.com/business/stock/2020/11/22/why-are-investors-dashing-for-robi-s-shares>

Bangladesh Securities and Exchange Commission (BSEC) seeks info on unclaimed funds from stockbrokers, merchant banks

• The Bangladesh Securities and Exchange Commission has asked all stockbrokers and merchant banks to provide information about investors' unclaimed cash and shares. In separate letters sent on November 16, the BSEC asked the Dhaka and Chittagong stock exchanges, and the Bangladesh Merchant Bankers Association to collect the information from related stockbrokers and merchant banks and submit the information with a summary report along with supporting documents. The bourses and BMBA were asked to submit the report within 15 working days. There are 240 stockbrokers on the DSE and 142 on the CSE with 63 merchant banks on the capital market.

• The letter to bourses said that there was a huge amount of unclaimed cash in clients' ledgers under consolidated customer accounts and shares in beneficiary owners accounts maintained with stockbrokers. All portfolio managers must ascertain cash or shares in the clients' portfolio accounts as unclaimed for any reason if the portfolio manager concerned is certain that those are unclaimed, the BSEC letter to merchant banks reads.

• Earlier on November 5, all listed firms were asked to submit information about undistributed and unclaimed cash and stock dividends and unsettled securities held in different suspense beneficiary owners accounts and bank accounts of the companies. BSEC officials said that almost every brokerage house merchant banks had unclaimed cash and shares which the houses had been maintaining for years. The regulators wanted to know about the total value of unclaimed cash and shares in the consolidated customer account and BO accounts respectively.

<https://www.newagebd.net/article/122329/bsec-seeks-info-on-unclaimed-funds-from-stockbrokers-merchant-banks>

Capital market to be vibrant soon: Bangladesh Bank

- The Bangladesh Bank has expected that the country's capital market would be vibrant soon as the central bank along with the Bangladesh Securities and Exchange Commission has taken a number of policy supports aiming at ensuring stability on the market by the way of providing liquidity support. The BB came up with the expectation in its monthly report on the country's capital market for the month of October. The central bank report was released at a time when the BSEC sought fresh monetary support from the central bank to revive the ailing market. The BSEC placed the proposal to the BB as the key index of Dhaka Stock Exchange, DSEX, lost 271 points in the September 16-November 22 period after climbing to 5,116 points on September 16 from 3,604 points on March 18. On November 12, the BSEC sought BDT 150.0 billion from the BB to revive the country's capital market.

- According to the Bangladesh Bank report, to push upward the ailing capital market BB has issued a guideline regarding equity exposure which already taken or to be taken by banks involved in the private sector infrastructure projects or project related companies. Now, special purpose vehicle, alternative investment fund or any fund similar to these funds approved by the BSEC can be used by the private sector in power and energy, tourism and digital infrastructure projects or project related companies which have already been adopted by banks in order to create market liquidity, increase the quality of investment and reduce risk of the equity exposure of banks.

- Following prolonged depression on the market for more than one year, the BB in February this year allowed banks to form BDT 2.00-billion special fund each by taking low-interest loans from the central bank to invest in the stock market. Though the policy supported the stocks investors to regain confidence in the market, the outbreak of coronavirus in the country and subsequent imposition of shutdown across the country hit the stock market hard, pulling the key index of the Dhaka Stock Exchange down to a seven-year low on March 18.

<https://www.newagebd.net/article/122331/capital-market-to-be-vibrant-soon-bangladesh-bank>

Beximco Pharma tops Dhaka stock Exchange (DSE) turnover chart for 17 days

- Beximco Pharmaceuticals dominated the Dhaka Stock Exchange's turnover chart for the last 17 straight sessions on Sunday while top 10 most traded companies grabbed 23% transaction. Each share of Beximco Pharma was traded for BDT 74.70 on July 22 this year, which closed at BDT 143.60 on Sunday, soaring 92% in four months, according to data from the DSE.

- Recently, the government signed a trilateral memorandum of understanding (MoU) with Serum Institute of India (SII) and the Beximco Pharma to collect 30 million doses of Covid-19 vaccines from Serum. Once the vaccine is approved for human application, Beximco Pharma will buy each dose from Serum for USD 4 and supply it to the government for USD 5 on a priority basis, according to the deal. Beximco Pharma also introduced remdesivir under the brand name Bemsivir, an antiviral drug that has proved effective in treating Covid-19 patients.

- The stock market regulator's strict stance to comply with the directive on holding minimum shares also created a 'buying' pressure on its shares as the company's directors jointly held only 13.19% shares as of October 31, 2020, said a leading broker. Beximco Pharma's consolidated earnings per share (EPS) jumped to BDT 2.65 for July-September 2020 as

against BDT 2.13 for July-September 2019. The Beximco Pharma has recommended 15% cash and 10% stock dividend for the year ended on June 30, 2020.

<https://today.thefinancialexpress.com.bd/stock-corporate/beximco-pharma-tops-dse-turnover-chart-for-17-days-1606062198>

Social Islami Bank Limited (SIBL) plans to help mega projects through indirect financing

- When a lack of credit demand – amid the Covid-19 pandemic – squeezed banks' lending activities, Social Islami Bank Limited (SIBL) adopted a different strategy for sustainable business by focusing on non-funded business coming out of core banking activities. The bank will emphasise non-direct financing instead of direct lending, targeting the implementation of mega development projects, said the managing director of the bank. Non-funded business is lending in the form of bank guarantees instead of direct financing.

- According to the managing director of SIBL, credit growth will rebound slowly until next year so banks must pursue different business strategies to survive. Keeping that in mind, SIBL focused on non-funded business and expansion of alternative banking tools like digital products, sub-branch and agent banking. As the risk of rising non-performing loans (NPLs) will be high next year, SIBL will be conservative in direct financing.

- Even though the bank had continuously profited since October 2017, after a massive overhaul of the bank's management, the pandemic eroded its profit by 13% in the July-September period of this year. The bank made a net profit of BDT 273.9 million in the quarter, down from BDT 315.8 million in the same period of last year. However, the bank's profit in the first nine months of the current year was 9% higher than the previous year, according to the bank's financial statement.

<https://tbsnews.net/economy/banking/sibl-plans-help-mega-projects-through-indirect-financing-161152>

Bangladesh Bank appoints observer to One Bank

- The Bangladesh Bank on Sunday appointed an observer to One Bank as the latter's present performance is not good. The central bank usually appoints observers to banks and financial institutions when they face crisis. Sajjad Hossain, general manager of the Department of Banking Inspection-1, has been appointed as the supervisor, the official said. Against this backdrop, the central bank inspected the bank's overall aspects and recommended the appointment of an observer, the official also said.

- ASM Shahidullah Khan has been performing his duty as the chairman of One Bank since 15 October, while M Fakhrul Alam, managing director of the Bank, has been in charge since 2016. The bank's operating income declined to BDT 6.1 billion during January-September this year in contrast to BDT 6.8 billion over the same period last year. However, the bank's profit after tax has increased to BDT 1.1 billion during the time from BDT 570 million at the same time a year ago.

<https://tbsnews.net/economy/banking/bangladesh-bank-appoints-observer-one-bank-161545>

Local firms keen to supply lubricant to Bangladesh Petroleum Corporation (BPC)

- Local lube-oil makers are keen to supply lubricant to the Bangladesh Petroleum Corporation or BPC to help grow their businesses and save foreign currencies. They are seeking an opportunity to supply finished lubricating oil to the BPC after taking part in a competitive bidding, market insiders said. The BPC in a recently floated tender sought to import around 5,400 tonnes of lubricating oil under a framework agreement with the bid winner. But over a dozen local lube-oil makers have alleged that the BPC has blocked them from participating in the tender after incorporating some harsher conditions.
- The public-private partnership company has been blending lubricants since its inception in 1988 as a partner of the global lubricant leader Mobil under a partnership between Mobil Corporation. The BPC in its tender terms set a condition in the eligibility provision that the supplier of 5,400 tonnes of lubricant oil must be a foreign manufacturer. The supplier must have experience in exporting lubricant to at least 10 foreign countries as per the tender terms. Besides, it must have export experience of USD 15 million in the last five years and minimum annual production capacity of 50,000 tonnes.

<https://today.thefinancialexpress.com.bd/trade-market/local-firms-keen-to-supply-lubricant-to-bpc-1606148887>

Margin loan facility against Mutual Funds (MFs) remains effective: Bangladesh Securities and Exchange Commission (BSEC)

- The investors can avail margin loan facility against the listed mutual funds (MFs) as the securities regulator's latest directive in this regard remains effective. The BSEC said the investors had availed margin loan facility against the units of listed MFs before October 26, 2009, later the margin loan facility was closed on October 26, 2009 following a regulatory directive. Investors have the scope of availing margin facility against listed MFs. Now, it will depend on the lenders whether they would disburse margin loans against the MFs or not, said BSEC spokesperson.

<https://today.thefinancialexpress.com.bd/last-page/margin-loan-facility-against-mfs-remains-effective-bsec-1606153003>

IPO subscription of Robi ends with high enthusiasm

- The subscription of Robi Axiata, the biggest IPO in the history of Bangladesh ended on Monday which eased some sell pressure in the market in the later part of the session, said a merchant banker. Robi, the country's second largest mobile phone operator, will raise BDT 5.23 billion under the fixed price method. The biggest IPO in Bangladesh's history received a good response from investors as thousands of investors applied for its IPO, according to issue manager sources.
- Meanwhile, stocks extended the losing streak for the fourth straight sessions on Monday as cautious investors continued their sell-offs on sector-wise large-cap issues. Market operators said investors mostly followed cautious stance amid rising trend of Covid-19 infections while some gave their attention to the primary market.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-robi-ends-with-high-enthusiasm-1606149620>

BD Finance to issue 1st Zero Coupon Bond

- The board of directors of Bangladesh Finance and Investment Company has decided to issue 'BD Finance 1st Zero Coupon Bond' worth BDT 2.0 billion for expansion of business and diversification of funding sources. The nature of this bond is non-convertible, fully redeemable and unsecured. The tenure of the bond is three years and the discount rate will be 7.0% to 7.50% per annum. Bond units worth BDT 1.0 million each will be offered to eligible investors through private placement. The City Bank Capital Resources and Sandhani Life Insurance Company are the mandated lead arranger and trustee of the bond respectively.

- However, the bond issue is subject to the approval of the concerned regulatory authorities - Bangladesh Bank and Bangladesh Securities and Exchange Commission. The consolidated net operating cash flow per share (NOCFPS) of BD Finance was BDT 2.98 for January-September 2020, the consolidated net asset value (NAV) per share was BDT 17.39 as on September 30, 2020. The company's paid-up capital is BDT 1.67 billion and authorised capital is BDT 2.0 billion while the total number of securities is 167.52 million.

<https://today.thefinancialexpress.com.bd/stock-corporate/bd-finance-to-issue-1st-zero-coupon-bond-1606149867>

<https://www.thedailystar.net/business/news/bd-finance-raise-tk-200cr-through-zero-coupon-bond-2000041>

Mir Akhter IPO subscription begins 24 December

- Mir Akhter Hossain Limited, one of the largest construction and engineering firms of the country, is going to start its Initial Public Offering (IPO) subscription from 24 December this year. Investors can apply for primary shares of the company until 30 December.

- On 5 November, Bangladesh Securities and Exchange Commission (BSEC) approved the company to raise BDT 1.3 billion through an initial public offering (IPO). The company will use the money for business expansion, equipment purchase and repayment of bank loans. From the IPO fund, the company will use BDT 503.0 million for purchasing heavy equipment, BDT 127.0 million for aggregate processing plant, BDT 46.7 million for asphalt plant, BDT 37.4 million for concrete batching plant, BDT 100.8 million for construction of warehouse and workshop for equipment maintenance and refurbishment, and BDT 400.0 million for repayment of bank loans.

- On 13 August this year, the stock market regulator allowed the company to determine the cut-off price of its shares through bidding by eligible investors – a requirement for going public under the book-building method. The cut-off price was fixed at BDT 60.0 each after the bidding. The general investors will get a 10% discount on the cut-off price to buy it at BDT 54.0 each. General investors will be offered more than 10.0 million shares with 10.0% allocated for the non-resident Bangladeshis. The remaining shares of the company would be allocated for eligible investors at their respective proposed prices.

<https://tbsnews.net/economy/stock/mir-akhter-ipo-subscription-begins-24-december-162049>

Eastern Bank's investment jumps 63.0% in government securities

- Eastern Bank Limited has witnessed a 63% jump in its investment in risk-free government securities on the back of high returns from it. As a result, bank has earned BDT 1.3 billion from this investment in the third quarter of this year, which was 100% higher than in the previous year at the same time. Besides, provisioning deferment and the high returns on

the investment have helped the bank post higher growth in net profit. It posted 98% year-on-year increase in net profit in the July-September period of this year, taking the profit to BDT 1.4 billion.

- In the first three quarters this year, the bank registered a total net profit of BDT 2.95 billion and earnings per share was BDT 3.64. However, in this period, its interest income fell by 9%. According to a stock market researcher, interest income – the core earning of the bank – fell drastically due to non-payment by borrowers amid the pandemic. The suspension of loan classification from January to December facilitated the lenders to save provisioning costs as there were no new default loans. Helped by the decline in provisioning requirement, the banks could show inflated earnings in the third quarter, he added. A loan loss provision is an expense set aside from profit to cover up losses if loans are not performing.

- As private sector credit growth tumbled to 8.0% level after the outbreak of the novel coronavirus in March amid stagnant business expansion, banks preferred investing in risk-free tools – government treasury bills, according to the Bangladesh Bank data. The interest rate of government treasury bills picked up to above 8.0% in June amid high borrowing by the government from banks when the interest rate of risky private-sector loans was 9.0%, data showed.

<https://tbsnews.net/economy/stock/eastern-banks-investment-jumps-63-govt-securities-161674>

Bangladesh Securities and Exchange Commission (BSEC) inquires about GlaxoSmithKline (GSK) acquisition by Unilever

- The Bangladesh Securities and Exchange Commission has inquired about the acquisition of GlaxoSmithKline (GSK) Bangladesh Limited by Unilever after nearly five months of the completion of purchase process. The securities regulator on November 11 sent a letter to GSK Bangladesh, a listed company on the Dhaka Stock Exchange, seeking various documents regarding the process of the deal. Earlier on June 30, Unilever announced the acquisition of 81.98% share of GSK Bangladesh, and on July 2 the name of GlaxoSmithKline Bangladesh Limited was changed to Unilever Consumer Care Limited. The company's name, however, is yet to be changed on the stock exchange.

- According to the BSEC letter, the purported change in ownership was allegedly related to discontinuance of a significant business segment, pharmaceutical business, of GSK Bangladesh. It appears to the commission that the company failed to make “adequate and timely disclosure” about the business acquisition, the discontinuance of the core business segment, and the resultant profitability and cash flow implications of the company in the long-term.

- Unilever Consumer Care (formally known as GSK Bangladesh) in a statement to New Age said that the contents of BSEC queries were not public in nature and hence they were not in a position to disclose or comment on the same. On June 28, Unilever Overseas Holdings BV, a concern of Unilever, bought a total of 9,875,144 shares or 81.98% stakes in GSK Bangladesh from Setfirst, a concern of GSK Group, on the block market on the Dhaka Stock Exchange.

<https://www.newagebd.net/article/122433/bsec-inquires-about-gsk-acquisition-by-unilever>

IPO subscription of two companies begins next month

- The initial public offering (IPO) subscription of two companies, Energypac Power Generation and Mir Akhter Hossain will commence on December 7 and December 24 respectively. Energypac Power will raise BDT 1.50 billion while Mir Akhter Hossain will raise BDT 1.25 billion under the book-building method. The IPO subscription of Energypac Power Generation will commence on December 7 which will raise BDT 1.50 billion under the book-building method. The subscription for shares of the company will be continued until 5:30pm on December 13, according to its prospectus.

- The IPO subscription of Mir Akhter Hossain, the country's one of the leading construction and engineering companies, will open on December 24, aiming to raise BDT 1.25 billion under the book-building method. The company's IPO subscription will be continued until December 30 at 5:30pm, according to the company's abridged prospectus published on Tuesday.

- The cut-off price of Energypac Power shares had been fixed at BDT 35 each through electronic bidding by eligible institutional investors held on September 21 to September 24. And the cut-off price of Mir Akhter shares had been fixed at BDT 60 each through electronic bidding by eligible institutional investors held between October 4 and October 7 this year.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-two-cos-begins-next-month-1606234913>

No shimmer left in Ring Shine Textiles

- Ring Shine Textiles on Monday announced the closure of its factory for one more month until December 24 for want of orders, in yet another spot of bad news for its retail investors. Earlier on September 27, the company had announced that its textile manufacturing plant in Savar's Dhaka Export Processing Zone would be on recess until October 25, which was later extended by a month to November 25. The move comes in the face of shrinking orders from foreign buyers and a shortage of imported raw materials for the global coronavirus pandemic, said the company secretary of Ring Shine Textile

- This is not the only spot of mystery surrounding the company: on November 15 the company announced the postponement of the board meeting to review the financial statement for the first quarter for its 2020-21 financial year for no specific reason. A new date was not announced either. To add to the concern of its retail investors is the disclosure in its 2019-20 financial year report that the company has a negative cash flow per share. Since the expenses related to depreciation and amortisation are not actually cash expenses, adding them back keeps the company's cash flow numbers from being artificially deflated.

<https://www.dhakatribune.com/business/stock/2020/11/25/no-shimmer-left-in-ring-shine-textiles>

ACI's turn to explain BDT 18.3 billion intercompany loans

- The Bangladesh Securities and Exchange (BSEC), as part of its ongoing drive against unlawful intercompany lending to subsidiaries, associates and sister companies, has asked the ACI Ltd to explain why it lent over BDT 18.3 billion to its subsidiaries violating regulations. Alongside the justifications of own lending, the listed conglomerate has been asked to also submit the breakdown of its interest income and expenditure within seven days.

- ACI's total intercompany lending figure is the highest so far among those made by the listed companies, as the BSEC already found over 50 entities that violated a 2006 rule while lending to private entities controlled by their sponsor-directors. Over a hundred of more than 320 listed companies are yet to report their balances of intercompany loans, BSEC officials told The Business Standard. The regulator, in its recent letter to the ACI Ltd, said the company's outstanding loans and advances to its subsidiary companies was BDT 18.3 billion at the end of last March, despite the fact that the company's own paid-up capital is only BDT 573.7 million.

<https://tbsnews.net/companies/its-acis-turn-explain-tk1831cr-intercompany-loans-162610>

IFIC Bank's rights offer rejected as no underwriter found

- The Bangladesh Securities and Exchange Commission has cancelled IFIC Bank Limited's rights offer proposal due to inability of the bank to appoint an underwriter. IFIC Bank had been struggling with its fresh rights issue plan as the bearish market has kept share prices of the bank below the face value of BDT 10.0 each. The bank had planned to mop up around BDT 3.4 billion from shareholders through issuing right shares at BDT 10.0 each.

- On July 30, the bank revised its rights offer plan for the second time. It had reduced the ratio of right shares to 1R:5 (1 right share for every five shares held) from 1R:1 last year. Despite raising capital through rights offer in 2017 and bonus shares in every year, the bank had submitted another right offer proposal to the BSEC in May last year to the ratio of one right share against one existing share. But, observing the investors' negative sentiment and bearish market trend, the bank had to revise the proposal in August last year and in July this year.

<https://www.newagebd.net/article/122477/ific-banks-rights-offer-rejected-as-no-underwriter-found>

<https://www.dhakatribune.com/business/stock/2020/11/24/ific-s-right-offer-bid-scrapped>

Reliance Finance rechristened as Aviva Finance

- Bangladesh Bank on Tuesday allowed Reliance Finance to rename itself as Aviva Finance, as the non-banking financial institution requested to change its identity and branding as an Islamic finance company. A top official of Aviva Finance seeking anonymity said they were going to transform their institution from a conventional financial institution to an Islamic one. As part of the move, the name was changed, along with the subsequent branding, he added.

<https://www.dhakatribune.com/business/2020/11/24/reliance-finance-rechristened-as-aviva-finance>

Bangladesh Securities and Exchange Commission (BSEC) threatens to recast boards

- The securities regulator will restructure the boards of the listed companies if the sponsor-directors fail to hold minimum 30% shares jointly by November 30, 2020. In July last, the sponsor-directors of 42 listed companies were found non-compliant in case of holding minimum 30.0% shares compared to their respective paid-up capitals. As a consequence, the regulator gave them an ultimatum to comply it within 60 working days. The deadline expired on October 28 which was later extended until November 30 due to requests from some of the companies.

- According to a BSEC official, the sponsor-directors of nine companies, out of the 42, have already met the compliance while four others would be able to comply as the sponsor-directors in the meantime declared purchasing or receiving shares through transfer. About the work-plan, he said the number of independent directors might be increased to meet the compliance requirement.

- Presently, there is no director in the boards of listed companies without holding the minimum 2.0% shares individually. Initially, the BSEC asked the non-compliant sponsor-directors to hold minimum 2.0% shares. After offering several timeframes, the regulator on September 20 declared vacant the posts of 17 directors of nine separate listed companies for their failure to hold the minimum shares each.

<https://today.thefinancialexpress.com.bd/first-page/bsec-threatens-to-recast-boards-1606327051>

<https://www.dhakatribune.com/business/stock/2020/11/26/bsec-to-restructure-boards-that-fails-minimum-shareholding-by-sponsors>

<https://www.thedailystar.net/business/news/bsec-restructure-boards-fail-to-hold-minimum-shares-2001201>

<https://www.newagebd.net/article/122599/bsec-to-reform-cos-board-if-30pc-shareholding-by-directors-not-ensured-by-nov-30>

AFC Health's IPO put on hold due to furnishing misleading information in the prospectus

- The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday suspended the initial public offering (IPO) of AFC Health until further notice for furnishing misleading information in its prospectus. The development comes after its foreign partner Fortis Healthcare requested the securities regulator for cancellation of the IPO as AFC Health provided false information and misused the leading Indian healthcare provider's trade name without consent to secure approval for the listing.

- AFC Health, which runs cardiac care facilities in Cumilla, Khulna and Chattogram, received approval from the BSEC on September 16 to raise BDT 170.0 million by issuing 30.0 million ordinary shares at BDT 10.0 each to buy equipment. In its IPO prospectus, AFC Health had said that Fortis would provide operation and management services for all of the cardiac centres as per an agreement signed on February 4, 2015, in New Delhi between the two companies. Fortis opposed the statement and said it was supposed to cover only AFC's centres in Khulna and Chattogram regions and not elsewhere.

<https://www.dhakatribune.com/business/stock/2020/11/26/afc-health-s-ipo-put-on-hold>

<https://www.newagebd.net/article/122592/afc-healths-ipo-approval-suspended-over-fortis-dispute>

Multinational GSK now Unilever Consumer Care (UNILEVERCL); Monno Jute Stafflers is Monno Agro (MONNOAGML)

- Two publicly listed companies – GlaxoSmithKline (Bangladesh) Ltd and Monno Jute Stafflers Ltd – have changed their names. GlaxoSmithKline or GSK has been renamed as Unilever Consumer Care Ltd while Monno Jute Stafflers as Monno Agro and General Machinery Ltd. In line with its new name, GSK Bangladesh's trading code and sector will also be changed to "UNILEVERCL" and "food" respectively. The company was previously listed in the pharmaceutical and chemical sector.

- Unilever Overseas Holdings BV has bought all shares (81.98%) of the entrepreneurial

director (SETFIRST Ltd) of GSK Bangladesh. On 28 June this year, Unilever acquired GSK Bangladesh on the block market for more than BDT 20.0 billion. In July, the company's board of directors decided to rename it as Unilever Consumer Care Ltd. The company decided to trade on the stock market under the new name approved by the Registrar of Joint Stock Companies and Firms (RJSC).

- Meanwhile, the new name of Monno Jute Staffers is Monno Agro and General Machinery Ltd. Its new trading code is "MONNOAGML". The company said all of its information, except for the name change, would remain unchanged.

<https://tbsnews.net/economy/stock/multinational-gsk-now-unilever-consumer-care-163099>

LafargeHolcim Bangladesh part of Swiss-based LafargeHolcim Group

- In the last couple of weeks, LafargeHolcim Bangladesh noticed a number of activities in social media coupled with leaflet distributions on boycotting products from a particular country. In those communications LafargeHolcim Bangladesh Limited and its brands Holcim & Supercrete were misrepresented and misquoted, says the company in a statement.
- LafargeHolcim Bangladesh Limited is part of LafargeHolcim Group based in Switzerland and operating in over 70 countries around the world. 59.0% of the shares of LafargeHolcim Bangladesh are owned by LafargeHolcim Group based in Switzerland and Cementos Molins based in Spain. The remaining 41.0% shares are owned Bangladeshi shareholders. LafargeHolcim Bangladesh clarified the situation with the hope that it will help stop the misrepresentation of its products.

<https://today.thefinancialexpress.com.bd/trade-market/lafargeholcim-bangladesh-part-of-swiss-based-lafargeholcim-group-1606324198>

Social Islami Bank's BDT 5.0 billion bond gets the go-ahead

- Bangladesh Securities and Exchange Commission on Wednesday approved Social Islami Bank's BDT 5.0 billion unsecured contingent-convertible bond to strengthen its capital base. The per unit price of the bond was fixed at BDT 1.0 million, which will be sold to banks, financial institutions, insurance companies, corporate bodies, asset management companies, mutual funds and high net-worth individuals through private placements. EBL Investment will act as the trustee, while City Bank Capital Resources and Prime Bank Investment will be the arrangers for the bond.

<https://www.dhakatribune.com/business/stock/2020/11/26/social-islami-bank-s-BDT500-crore-bond-gets-the-nod>

South Bangla Agriculture and Commerce (SBAC) gets Bangladesh Bank's nod to go public

- South Bangla Agriculture and Commerce (SBAC) Bank on Wednesday received the approval from Bangladesh Bank to raise BDT 1.0 billion from the stock market. The seven-year-old bank will offload 100.0 million ordinary shares at BDT 10.0 each. Its IPO is awaiting the nod from the Bangladesh Securities and Exchange Commission. As of September, its profit after tax stood at BDT 675.0 million. Its authorised capital is BDT 10.0 billion and paid-up capital BDT 68.5 million. The majority of the initial public offering proceeds will be invested in several government securities and the stock markets, said the managing director and chief executive officer of SBAC. ICB Capital Management will act as the issue manager.

<https://www.dhakatribune.com/business/stock/2020/11/26/sbac-gets-bb-nod-to-go-public>

