

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.34%) lost -76.69 points and closed the week at 5,647.67 points. The blue-chip index DS30 (-0.80%) lost -17.47 points and stood at 2,173.74 points. The Shariah-based index DSES (-1.49%) lost -19.09 points and stood at 1,261.30 points. The large cap index CDSET (-1.61%) lost -19.76 points and closed at 1,211.17 points. DSEX, DS30, DSES and CDSET showed YTD returns of +4.55%, +10.68%, +1.55%, +7.85%, respectively.

Total Turnover During The Week (DSE): BDT 37.5 billion (USD 442 million)
Average Daily Turnover Value (ADTV): BDT 7.5 billion (Δ % Week: -37.6%)

Market P/E: 19.6x

Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed negatively by -1.30% and continued to be negative in the second and third sessions by -0.89% and -0.63%. The market turned positive in the fourth session by +0.31% and ended with a positive movement of +1.18% in the fifth session.

Sectoral Performance:

- All the financial sectors registered negative performance this week except Life Insurance (+2.07%). General Insurance experienced the highest loss of -2.66% followed by Mutual Fund (-2.48%), Bank (-1.65%), and NBFI (-1.29%).

- Non-financial sectors posted mixed performance this week. Food & Allied booked the highest gain of 4.28% followed by Engineering (+1.89%). Fuel & Power experienced the highest loss of 4.39% followed by Telecommunication (-4.33%), and Pharmaceutical (-1.57%).

Macroeconomic arena:

- Bangladesh is likely to recover faster than its Asian peers from the Covid-19 fallout thanks to improving exports, growth in domestic consumption and remittance inflow, according to a study of Standard Chartered bank. The bank expects global growth to rebound to 4.8% in 2021.

- The central bank has decided to stick to the expansionary monetary policy during the second half (H2) of this fiscal year (FY) with some adjustments, taking into account the money market and the overall macroeconomic situation. The government has already cut its GDP growth projection at 7.40% from its earlier projection of 8.20% for the FY'21 mainly due to the ongoing Covid-19 pandemic. According to the planned adjustments, the target of the country's aggregate money supply, measured by broad money (M2), is expected to decrease by 0.60% point to around 15% in June instead of 15.60% earlier, according to officials.

- The rate of inflation in January slumped by 0.27% points to 5.02% as the consumer price index (CPI) in the non-food section had a significant drop. For non-food items, it fell by 0.52% points to 4.69% from December's 5.21%. Meanwhile, inflation for food items also decreased slightly to 5.23% from 5.34% in December.

- The country's remittance inflow recorded a significant growth, reaching USD 1.962 billion in this January, compared to USD 1.638 billion in the same month last year. During the July-January period of the current fiscal year, 2020-21, the remittance inflow totaled USD 14.907 billion, up from USD 11.046 billion in the same period of last fiscal, registering a 34.95% growth. The country's foreign exchange reserve now stands at USD 42.910 billion.

Stock Market arena:

- Three companies will open their IPO (initial public offering) subscription in February to raise an aggregate amount of capital worth BDT 1.86 billion from the country's capital market. Of these companies, NRB Commercial Bank, a fourth general commercial bank's IPO subscription will be opened on Wednesday. The IPO subscription of Desh General Insurance Company will open on February 14 and to be continued till February 18. The public subscription of Index Agro Industries will open on February 22 and to be continued till February 28.

- The Bangladesh Securities and Exchange Commission (BSEC) recently issued a directive offering companies not performing well an exit plan that would help protect small investors in case of delisting. Any company that has not been in commercial operation for more than two years, has incurred a net loss for three consecutive years, has accumulated losses that exceed its paid-up capital or fails to declare any cash dividends for three consecutive years is eligible for delisting.

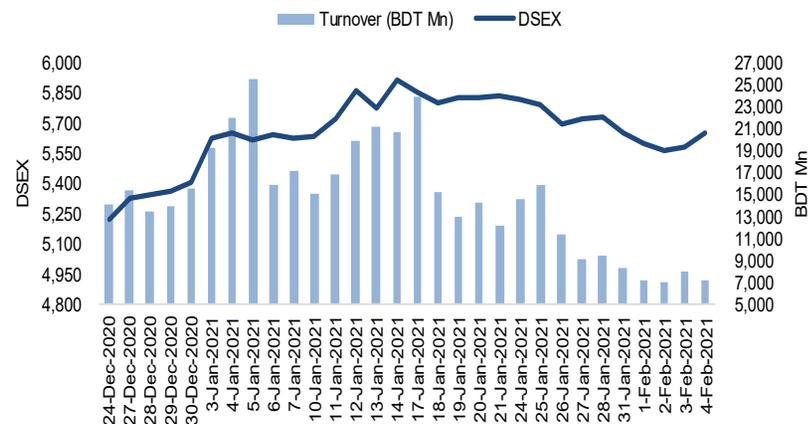
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	Δ % Week	Δ %YTD
DSEX	5,647.67	5,724.36	-76.69	5,402.07	-1.34%	+4.55%
DS30	2,173.74	2,191.21	-17.47	1,963.96	-0.80%	+10.68%
DSES	1,261.30	1,280.40	-19.09	1,242.11	-1.49%	+1.55%
CDSET	1,211.17	1,230.93	-19.76	1,123.03	-1.61%	+7.85%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,793,044	4,840,127	-1.0%
	Mn USD	56,415	56,969	
Turnover	Mn BDT	37,524	60,163	-37.6%
	Mn USD	442	708	
Average Daily Turnover	Mn BDT	7,505	12,033	-37.6%
	Mn USD	88	142	
Volume	Mn Shares	903	1,437	-37.1%

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
MIRAKHTER	90.2	54.0	+67.0%	10,894	608.6	35.9x	2.1x
ARAMITCEM	21.3	15.9	+34.0%	722	18.3	NM	0.8x
PRIMEINSUR	45.7	39.6	+15.4%	1,868	43.4	NM	2.6x
ALLTEX	10.5	9.1	+15.4%	588	12.9	NM	0.8x
INTECH	34.1	29.9	+14.0%	1,068	24.2	NM	3.1x
MICEMENT	52.5	47.4	+10.8%	7,796	40.8	22.2x	1.1x
GQBALLPEN	119.4	110.3	+8.3%	1,066	33.2	NM	0.9x
NATLIFEINS	257.2	241.2	+6.6%	27,912	1.6	NM	NM
HWAWELLTEX	35.5	33.3	+6.6%	1,988	0.7	22.7x	1.2x
MEGHNAPET	11.5	10.8	+6.5%	138	2.0	NM	NM

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
EPGL	54.4	71.7	-24.1%	10,345	1,095.7	22.3x	1.0x
ROBI	44.9	53.1	-15.4%	235,183	2,714.5	NM	3.6x
SPCERAMICS	24.1	27.9	-13.6%	3,542	171.7	94.7x	0.8x
SUMITPOWER	43.6	49.8	-12.4%	46,559	1,210.2	8.5x	1.3x
ASIANS	93.7	107.0	-12.4%	4,410	51.7	32.3x	4.2x
AOL	38.6	43.9	-12.1%	3,960	87.9	18.7x	1.1x
QUASEMIND	38.2	43.2	-11.6%	2,526	55.7	32.8x	1.3x
DOMINAGE	24.1	27.0	-10.7%	2,473	105.3	11.0x	1.5x
SHYAMPSUG	43.5	48.7	-10.7%	218	0.8	NM	NM
SAPORTL	26.8	29.9	-10.4%	6,348	115.0	25.4x	0.8x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	82.7	85.0	-2.7%	72,472	6,010	NM	1.2x
BATBC	1,698.6	1,602.5	+6.0%	305,748	2,804	26.6x	8.2x
ROBI	44.9	53.1	-15.4%	235,183	2,715	NM	3.6x
LANKABAFIN	40.5	41.5	-2.4%	21,823	1,950	30.7x	2.3x
BXPBARMA	177.7	183.7	-3.3%	79,274	1,806	21.3x	2.4x
SUMITPOWER	43.6	49.8	-12.4%	46,559	1,210	8.5x	1.3x
EPGL	54.4	71.7	-24.1%	10,345	1,096	22.3x	1.0x
LHBL	54.7	53.4	+2.4%	63,527	857	30.7x	3.8x
SQURPHARMA	229.6	236.2	-2.8%	203,529	735	14.3x	2.5x
BEACONPHAR	77.6	80.3	-3.4%	17,926	650	29.7x	3.7x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ROBI	44.9	+50.7%	235,183	NM	3.6x
BATBC	1,698.6	+43.9%	305,748	26.6x	8.2x
LANKABAFIN	40.5	+29.0%	21,823	30.7x	2.3x
IDLC	78.0	+23.0%	29,410	14.7x	2.1x
CITYBANK	30.3	+22.2%	30,797	9.9x	1.1x
BSRMLTD	71.2	+18.3%	16,808	9.7x	0.7x
BSRMSTEEL	49.9	+17.4%	18,760	10.6x	0.9x
LHBL	54.7	+14.4%	63,527	30.7x	3.8x
SQUARETEXT	34.0	+14.1%	6,707	NM	0.9x
POWERGRID	47.6	+13.9%	21,939	10.5x	0.4x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,409.27	1,432.88	1,372.63	-1.65%	+2.67%
NBFIs	2,224.23	2,253.35	2,033.53	-1.29%	+9.38%
Mutual Funds	941.36	965.28	959.61	-2.48%	-1.90%
General Insurance	3,580.13	3,677.94	4,103.56	-2.66%	-12.76%
Life Insurance	2,166.64	2,122.71	2,162.58	+2.07%	+0.19%
Telecommunication	6,538.73	6,834.34	5,463.26	-4.33%	+19.69%
Pharmaceuticals	3,344.91	3,398.28	3,306.03	-1.57%	+1.18%
Fuel & Power	1,682.34	1,759.55	1,618.11	-4.39%	+3.97%
Cement	1,575.58	1,534.39	1,416.18	+2.68%	+11.26%
Services & Real Estate	1,074.33	1,113.38	1,083.79	-3.51%	-0.87%
Engineering	3,851.75	3,780.34	3,959.20	+1.89%	-2.71%
Food & Allied	19,166.53	18,380.71	14,705.76	+4.28%	+30.33%
IT	2,107.70	2,129.46	2,350.28	-1.02%	-10.32%
Textiles	1,056.29	1,069.77	1,087.41	-1.26%	-2.86%
Paper & Printing	5,366.51	5,311.33	5,487.56	+1.04%	-2.21%
Tannery	1,683.21	1,710.48	1,771.77	-1.59%	-5.00%
Jute	9,224.56	9,081.74	12,154.61	+1.57%	-24.11%
Ceramics	461.50	476.71	472.38	-3.19%	-2.30%
Miscellaneous	2,997.56	3,077.14	2,539.70	-2.59%	+18.03%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	485.9	881.3	-44.9%	6.8%	8.0x	0.8x
NBFI	652.9	1,172.6	-44.3%	9.1%	76.8x	3.5x
Mutual Fund	152.9	223.4	-31.5%	2.1%	NM	0.8x
General Insurance	483.3	894.7	-46.0%	6.8%	18.7x	1.7x
Life Insurance	26.9	45.0	-40.2%	0.4%	NM	NM
Telecommunication	689.2	1,065.3	-35.3%	9.6%	21.1x	6.8x
Pharmaceutical	806.6	1,825.2	-55.8%	11.3%	21.3x	2.6x
Fuel & Power	771.5	1,581.2	-51.2%	10.8%	13.2x	1.4x
Cement	244.0	241.7	+1.0%	3.4%	29.6x	2.4x
Services & Real Estate	75.2	149.3	-49.6%	1.1%	NM	0.9x
Engineering	535.5	537.0	-0.3%	7.5%	32.7x	2.1x
Food & Allied	636.3	492.1	+29.3%	8.9%	33.3x	8.6x
IT	43.7	61.8	-29.2%	0.6%	23.8x	2.0x
Textile	150.9	280.1	-46.1%	2.1%	2940.9x	0.7x
Paper & Printing	4.7	7.2	-34.5%	0.1%	63.7x	1.1x
Tannery	14.0	23.2	-39.7%	0.2%	NM	1.8x
Jute	9.0	13.2	-32.2%	0.1%	NM	13.9x
Ceramics	42.1	106.8	-60.6%	0.6%	60.3x	1.6x
Miscellaneous	1,331.2	2,022.0	-34.2%	18.6%	51.5x	1.8x

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	140.1	-17.3%	3,362	NM	11.9x
MPETROLEUM	176.6	-10.8%	19,111	6.6x	1.1x
BANKASIA	16.4	-9.9%	19,121	9.6x	0.7x
SHAHJABANK	20.9	-8.7%	20,484	10.9x	1.2x
OLYMPIC	176.7	-7.5%	35,329	17.3x	4.3x
BXPBARMA	177.7	-6.7%	79,274	21.3x	2.4x
PADMAOIL	191.7	-6.5%	18,831	7.5x	1.1x
TRUSTBANK	31.3	-6.3%	20,135	6.6x	1.1x
JAMUNAOIL	155.6	-6.0%	17,182	8.4x	0.9x
MATINSPIINN	34.3	-5.8%	3,344	9.9x	0.7x

Important News: Business & Economy

Bangladesh to outperform Asian peers in economic recovery: Standard Chartered Bank

- Bangladesh is likely to recover faster than its Asian peers from the Covid-19 fallout thanks to improving exports, growth in domestic consumption and remittance inflow, according to a study of Standard Chartered bank. In fiscal 2020-21, the economy will bounce back led by growing exports and remittance, which will also give a boost to consumption, it said.
- According to Anubhuti Sahay, the head of South Asia economics research of Standard Chartered Singapore, the bank expects global growth to rebound to 4.8% in 2021. Global trade has bounced back but exports are yet to reach pre-pandemic levels. Bangladesh is likely to be an outperformer in the Asian region, according to her. A good number of companies are shifting their manufacturing facilities from China to Bangladesh, she said. Bangladesh will face some long-term challenges after its graduation from the least developed country (LDC) category by 2027, if the developed and developing countries do not continue extending the LDC facilities to it, Sahay said. For instance, the LDCs enjoy 136 different kinds of international support measures, but once the country is graduated, all those measures would be eliminated. Bangladesh is likely to lose between 5.5% and 7.5% of its exports because of the economic graduation.

<https://www.thedailystar.net/business/news/bangladesh-outperform-asian-peers-economic-recovery-2035805>

Expansionary course to continue in H2

- The central bank has decided to stick to the expansionary monetary policy during the second half (H2) of this fiscal year (FY) with some adjustments, taking into account the money market and the overall macroeconomic situation. The government has already cut its GDP growth projection at 7.40% from its earlier projection of 8.20% for the FY'21 mainly due to the ongoing Covid-19 pandemic. According to the planned adjustments, the target of the country's aggregate money supply, measured by broad money (M2), is expected to decrease by 0.60% point to around 15% in June instead of 15.60% earlier, according to officials.
- The growth of M2 stood at 14.21% in December 2020 against its target at 14%, set by the BB earlier. Besides, the target of reserve money (RM) is also set to slash in line with the growth of revised M2 to curb possible inflationary pressure on the economy, they added. They also said targets of credit to the public sector particularly the government borrowing from the banking sector is likely to decline in H2 of FY'21 while the private sector credit growth is expected to remain unchanged. The BB's latest moves came against the backdrop of rising trend in excess liquidity in the country's banking sector in recent months following lower private sector credit growth.

<https://today.thefinancialexpress.com.bd/first-page/expansionary-course-to-continue-in-h2-1612116977>

Inflation in Jan drops to 5.02%

- The rate of inflation in January slumped by 0.27% points to 5.02% as the consumer price index (CPI) in the non-food section had a significant drop. For non-food items, it fell by 0.52% points to 4.69% from December's 5.21%. Meanwhile, inflation for food items also

decreased slightly to 5.23% from 5.34% in December, according to the official data. The lower inflationary trend will also persist in the coming months, the planning minister hoped.

<https://today.thefinancialexpress.com.bd/first-page/inflation-in-jan-drops-to-502pc-1612375971>

<https://www.thedailystar.net/business/news/inflation-drops-85yr-low-2038985>

<https://tbsnews.net/economy/inflation-dropped-502-january-196318>

<https://www.newagebd.net/article/129153/inflation-drops-to-502pc-in-january>

<https://www.dhakatribune.com/business/economy/2021/02/03/inflation-slows-further-in-january>

BD gets USD 1.962 billion in remittance in Jan

- The country's remittance inflow recorded a significant growth, reaching USD 1.962 billion in this January, compared to USD 1.638 billion in the same month last year. During the July-January period of the current fiscal year, 2020-21, the remittance inflow totaled USD 14.907 billion, up from USD 11.046 billion in the same period of last fiscal, registering a 34.95% growth. The country's foreign exchange reserve now stands at USD 42.910 billion, according to a release of the Ministry of Finance.

<https://today.thefinancialexpress.com.bd/last-page/bd-gets-1962b-in-remittance-in-jan-1612203546>

<https://www.thedailystar.net/business/news/remittance-stays-robust-2037761>

<https://tbsnews.net/economy/remittances-grow-32417m-january-195229>

<https://www.newagebd.net/article/128935/remittance-drops-below-2b-in-jan>

Export drops 5% in January

- Earnings from merchandise exports fell 4.99% year-on-year to USD 3.43 billion in January because of slower recovery of garment shipment from the pandemic-induced business slowdown, official data showed yesterday. January's receipts were 9.58% lower than the monthly target of USD 3.80 billion. Between July and January, the first seven months of the fiscal year, the shipment of garment, which typically contributes more than 80% to the national export, declined 3.44% year-on-year to USD 18.40 billion. Of the earnings from the apparel export, USD 9.98 billion came from the knitwear shipment, which was up 3.84%. The export of woven items declined 10.85% to USD 8.41 billion.
- The export continues to show a depressing trend, reflecting the worrying scenario in the global trade, particularly with regard to readymade garment, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). The major markets of our RMG items are struggling with the intensity of the pandemic, said BGMEA President.

<https://www.thedailystar.net/business/news/export-drops-5pc-january-2038337>

<https://www.newagebd.net/article/129095/exports-fall-by-5pc-to-343b-in-january>

Automobile sales yet to fully recover, but signs of hope are there

- The automobile market in Bangladesh has yet to recover to the pre-pandemic level, be it for two-wheelers, passenger vehicles or commercial vehicles, say industry players. However, an average 70%-80% recovery of unit sales at the year-end, compared to those before the pandemic, reflects a better-than-expected scenario. The president of the Bangladesh Automobile Manufacturers and Assemblers Association, said for commercial vehicle segments, the October-December quarter was better than the previous three

months as economic activities strengthened over that period.

- But sales of two-wheelers and busses slightly slowed down in the second quarter of this fiscal year, mainly because there had been a sudden demand for them in the previous quarter, just after the lockdown was lifted and people were very serious about social distancing. The chairman of Nitol Niloy Group said that sells Tata passenger cars, commercial vehicles and Hero two-wheelers, estimates that in the July-September quarter overall commercial vehicle sales were around 35% of the pre-pandemic sales and it has improved to 55% now.

<https://tbsnews.net/economy/industry/automobile-sales-yet-fully-recover-signs-hope-are-there-196483>

BB warns of some inflationary pressure

- Bangladesh may face some inflationary pressure in the coming months as general prices rise globally, said the central bank. The monetary policy committee (MPC) of the central bank analysed the trend of commodity and food price indexes of the World Bank and the Food and Agriculture Organisation. It said the global inflation may rise in the near future. Inflation is now on a downward trend as the government has taken some time-befitting decisions, including the reduction of the import duty of rice, according to the central bank.

<https://www.thedailystar.net/business/news/bb-warns-some-inflationary-pressure-2038325>

Public sector credit growth ceiling downgraded to 31.7%

- The Bangladesh Bank has downgraded public sector credit growth in the revised monetary policy for second half of current fiscal year assuming that government borrowing will slow down from banking system in the next six months. In the revised monetary policy, public sector credit growth ceiling revised down to 31.7% from previous target of 44.4% for June this year. However, Bangladesh Bank continued its expansionary monetary stance keeping private sector credit growth at 14.8% when credit demand remained depressed at 8% level since corona virus struck the country.
- Public sector credit growth was downgraded because pressure on sales of saving instrument remained high, said the executive director (research) of Bangladesh Bank. As a result, government borrowing will slow down from banking system which already reflected in current trend, he said. They do not think that government can fulfill its borrowing target from banking system in the next six months. However, Bangladesh Bank still remained in expansionary mood so that market remains with adequate liquidity supply, he said.

<https://tbsnews.net/economy/public-sector-credit-growth-ceiling-downgraded-317-196192>

BB revises H2 credit growth targets

- Bangladesh Bank (BB) has projected the government's borrowing at 31.7% in the revised the monetary policy programmes for the second half (H2) of the current fiscal year (FY). The growth in public sector credit until December 2020 was 17.2% (net), according to a statement issued on Tuesday. The central bank also revised upward the private sector credit growth target at 14.8%, much lower than the one projected earlier. The private credit growth was just 8.4% at the end of December last. The total domestic credit growth has been adjusted upward at 17.4% from the actual growth of 9.7% until December 2020.
- The total domestic credit growth has been adjusted upward at 17.4% from the actual

growth of 9.7% until December 2020. It added that the BB has adjusted some programmes upwards and some downwards, and kept some measures unchanged in the wake of emerging developments emerged in the money market.

<https://today.thefinancialexpress.com.bd/first-page/bb-revises-h2-credit-growth-targets-1612288598>

<https://www.dhakatribune.com/business/banks/2021/02/03/bb-sticks-to-loose-monetary-policy-until-june>

<https://www.newagebd.net/article/129093/bangladesh-bank-revises-jan-june-monetary-policy>

H1 net sales cross fiscal year target

- Net sales of the state-run savings instruments in the first half surpassed the target set for entire fiscal year (FY) 2020-21. The net sales of savings certificates were BDT 204.87 billion during the July-December period. The government's net borrowing target from savings tools is BDT 200 billion for this fiscal. Officials said the yield rates of different savings certificates are attractive. So, savers are investing more in these schemes. Many savers have reinvested in savings instruments as their schemes reached maturity. It is another reason for increased sales, they added.
- The gross sales of savings schemes were BDT 549.76 billion during the July-December period of FY '21, whereas encashment was BDT 344.89 billion. On the other hand, the net sales of savings schemes were BDT 54.33 billion in the same period of FY 2019-20. The gross sales were BDT 342.11 billion and encashment was BDT 287.78 billion during the period. Data shows the payment of yield was BDT 162.63 billion in the first six months of FY '21. It was BDT 156.95 billion in the same period of FY '20.

<https://today.thefinancialexpress.com.bd/last-page/h1-net-sales-cross-fiscal-year-target-1612203450>

<https://www.dhakatribune.com/business/banks/2021/02/02/savings-tools-sales-crosses-fy-target-in-just-6-months-2>

Banks fare well on govt borrowing, halted classification

- It was feared that the banking sector would face a double-whammy, stemming from Covid-19 and lending rate cap. But what the end of 2020 shows is an entirely different picture with two major performance indicators – profitability and loan recovery – being far better than expected. Waiver on classifying loans relieved banks of setting aside funds from their profits for provisioning. Banks were further helped by the government's borrowing and they could safely invest in treasury bills. All these factors cushioned the pandemic impact on banks.
- Total operating profits in the banking sector declined by only 7.16% last year from the previous year when industry insiders had assumed that the 9% lending rate cap will erode profits by 40%. The calculation of year-end net profits has not been done yet, but the September-based figure shows the trend of rising real earnings of banks. The high bank borrowing of the government amid revenue shortfall pushed up the yield of bills and bonds above 9% last year, helping banks to make good earnings. In the fiscal 2019-20, the government borrowed 97.35% or BDT 802.38 billion of its target.

- In the first four months of the current fiscal year from July to October, the government's bank borrowing stood at only BDT 10.63 billion, down from BDT 360.00 billion in the same period of the last fiscal year, with no pressure of expenses owing to Covid-19. Low private

sector credit growth and high investment in government bills and bonds took excess liquidity in the banking sector to above BDT 2.0 trillion in December last year, the highest in the history.

<https://tbsnews.net/economy/banking/banks-fare-well-govt-borrowing-halted-classification-195337>

Banks 'delaying' payment to local textile makers

- Banks are holding up payments to local textile manufacturers against purchase of raw materials by readymade garment exporters under back-to-back letters of credit, textile manufacturers alleged. The Bangladesh Textiles Mills Association has recently sent a letter to Bangladesh Bank governor to resolve the issue saying that the local fabric and yarn manufacturers had been incurring financial losses due to unusual delays made by the banks in paying buyers on the premise of lame excuses. The BTMA alleged that the RMG exporters were buying yarns and fabrics from both local and external sources under back-to-back LCs.

- The banks made payments to foreign suppliers just after submission of the Bill of Lading as per the conditions of LCs but they had been deferring payments to the local suppliers for five to six months. The BTMA in its letter said that country's spinning, weaving and dyeing mills had been working as deemed exporters through supplying yarns and fabrics to the RMG exporters.

<https://www.newagebd.net/article/128979/banks-delaying-payment-to-local-textile-makers>

Repayment tenure for term loans extended by two years

- The central bank yesterday eased the repayment facility for term loans for tens of thousands of borrowers, including industrialists and businesses to help them pay instalments at ease as the pandemic persists. The move comes as the Bangladesh Bank said it was not going to extend the moratorium facility, introduced for all types of borrowers in April last year in response to the devastating crisis, to 2021. Two top bankers hailed the Bangladesh Bank's step and said the relaxation in the repayment terms would help businesses recover smoothly and allow banks and financial institutions to realise loans. Credits that carry a tenure of more than one year are considered as term loans.

- As much as 70% of the total outstanding loans amounting to BDT 10.63 trillion were term loans as of September 30 last year, according to a BB official. Clients will enjoy the relaxed facility based on the banker-customer relationship, the BB said in a notice. The loan moratorium facility has not been extended, the central bank said. Now, the instalments of the term loans that were scheduled to be paid last year will be added to the principal amount of borrowers.

<https://today.thefinancialexpress.com.bd/first-page/bb-lifts-loan-moratorium-1612117129>

<https://www.thedailystar.net/business/news/repayment-tenure-term-loans-extended-two-years-2037205>

<https://tbsnews.net/economy/banking/loan-moratorium-ends-relaxed-repayment-facility-194803>

<https://www.newagebd.net/article/128854/banks-allowed-to-extend-loan-repayment-tenure>

<https://www.dhakatribune.com/business/banks/2021/02/01/no-more-loan-moratorium-facility>

Pandemic leaves little impact on steel, cement makers

- Leading steel, cement and paint companies related to the construction sector witnessed higher profits in the July-December period of the current financial year despite the ongoing coronavirus pandemic. Although industry insiders fear that they will face 30% lower profits from the July-December period, the reality is different as profits came mainly due to higher demand from government development projects. Among five listed cement manufacturers, three saw higher profits, one returned to profits and the last incurred a loss albeit on a lower extent compared to that in the same period the previous year.

- Sales volumes significantly increased during the last quarter as the demand for cement increased when all development activities resumed, according to the managing director of Premier Cement. Besides, rural demand is also bouncing back as all rural economic activities are going on in full swing, he said. They did not increase the price of cement to make profit since it is not fair but we want to make profit through improving efficiency, he added.

<https://www.thedailystar.net/business/news/pandemic-leaves-little-impact-steel-cement-makers-2037197>

Corporate results show recovery

- Some major companies from a wide range of sectors, including pharmaceuticals, fast-moving consumer goods (FMCG), construction materials, and fuel and power, have performed better in the second quarter of the current fiscal year compared to the pre-Covid-19 levels, raising hopes for their faster recovery from the pandemic shocks. A comparative analysis of 130 listed companies in that quarter shows most of them posted positive growth in profits compared to the same period of the previous fiscal year. Also, the year-on-year sales growth of many companies, including consumer and industrial goods manufacturers, indicates that demand has turned robust.

- The secretary general of Bangladesh Steel Manufacturers Association and vice-president of Bangladesh Cement Manufacturers Association said that the pace of development work seems to have returned almost to the pre-pandemic levels, which is helping the construction materials industry recover from the pandemic blows. Not only bulk item buyers, but also consumers are feeling free to spend on what they need.

<https://tbsnews.net/economy/corporate-results-show-recovery-194311>

MFS, payment service operators to face tighter regulations

- The Bangladesh Bank has initiated a move to enforce tighter regulations on payment service, mobile financial service, e-wallet, payment system operators and any other non-bank entities authorised by the BB to provide payment services. To this end, the central bank has drafted a set of guidelines and published the guidelines for stakeholders' opinions on its web site. Besides the payment service operators, the regulations would also be applicable to the banks which would maintain trust cum settlement accounts (TCSA) of the payment service providers and mobile financial service and payment system operators, among others.

- Operating TCSA with banks is a must for the payment service operators for safekeeping of customers' money. The rapid growth in transactions through the payment systems in recent years has prompted the central bank to come up with the guidelines to secure the public money. The central bank has taken a number of initiatives to make cashless society

by using the payment service providers that has raised the importance of imposition of tighter regulations on them. Of the payment service operators, transactions through the MFS operators stood at BDT 5.61 trillion in the year 2020.

- The guidelines said that the central bank would preserve the right of slapping financial penalty, withholding, suspension and cancellation of approval or no-objection certificate if it seems to the central bank that the service provider's activities is detrimental to the public interest. The guidelines titled 'Guidelines for Trust Fund management in payment and settlement services' said that the trust fund would comprise of any such money that creates a liability of the service providing entity to its customers and, or participants in the process of mutual business arrangement. The guidelines are aimed at protecting the interest of actual owners of the fund, who have a lawful claim on such fund at any point in time.

<https://www.newagebd.net/article/128676/mfs-payment-service-operators-to-face-tighter-regulations>

All the excess liquidity is flowing into real estate sector

- Injected with untaxed investment money and the good fortune of excess liquidity in banks, realtors can now hope for a further boost in apartment and plot sales. As per a rough estimation of REHAB, about BDT 35.00 billion was invested in the country's real estate during July-December of 2020. The real estate sector has indeed turned around. It is comparatively in better shape as untaxed money is pumped into the sector. The arrival of the Covid-19 vaccine is also pitting positivity into people's minds, the managing director of Sheltech Group said. It is a positive sign that the banks are reducing interest rates as they have excess liquidity in their hands, he also said.
- Single digit lending rates and excess liquidity in banks have made access to finance affordable and easy for aspirants willing to buy apartments on credit, said the chairman of Brick Works Development. On the other hand, credit facilities for government employees and cutting flat registration cost in the previous national budget helped the sector to rebound from the crisis, said Bhuiyan, also former first vice president of the Real Estate and Housing Association of Bangladesh (REHAB). The overall business situation is rather better than the past. The impact of Covid-19 pandemic is not as bad as we expected, said the chairman of Assure Group.

<https://www.dhakatribune.com/business/2021/01/31/all-the-excess-liquidity-is-flowing-into-real-estate-sector-2>

Telcos freed from VAT on revenue sharing

- The National Board of Revenue has exempted mobile phone operators from value-added tax (Vat) on revenue shared with the Bangladesh Telecommunication Regulatory Commission (BTRC). After paying 15% VAT, local network operators have to deposit 5.5% of their revenue to the BTRC as a part of the regulatory body's condition for using 2G and 3G licences. As per the rules, there is a provision to pay 15% VAT at source on the amount to be paid as revenue shared with the BTRC.
- However, as the indirect tax is collected before depositing the revenue-sharing amount, collection of VAT turns out to be double taxation, the NBR said in a notification on January 27. The revenue authority had waived VAT on revenue sharing under the VAT law 1991, prior to the implementation of the VAT and Supplementary Duty Act 2012, according to officials. As collection of VAT leads to double taxation, the NBR waived VAT on the revenue sharing amounts for 2G and 3G licences, they said.

<https://www.thedailystar.net/business/news/telcos-freed-vat-revenue-sharing-2036701>
<https://www.newagebd.net/article/128780/telcos-exempted-from-vat-payment-on-revenue-sharing>

Monetary policy dilemma of Bangladesh Bank

- As the covid-19 pandemic unfolded, central banks across the globe responded with a dramatic easing of monetary policy to provide liquidity support for the faltering economic activities. Bangladesh Bank's (BBs) policy response was also similar, but measured in terms of scope and extent in line with the unfolding domestic economic conditions. The injection of liquidity, as part of the government's bank-led economic stimulus package, has been sizable and considered absolutely essential to avoid any liquidity crunch in the economy.
- In the event, due to the ongoing surge in the officially measured inflow of workers' remittances and the decline in import payments associated with economic slowdown, the external current account of the balance of payments (BOP) recorded large surpluses and foreign exchange reserves of BB increased by more than USD 11 billion to more than USD 43 billion by end-December. The implementation of the stimulus package led to injection of high-powered money into the economy in the form of BB's liquidity support (potentially up to BDT 600.00 billion). The inflows forced BB to intervene in the foreign exchange market to keep the exchange rate of the dollar against taka stable by preventing a significant appreciation of the taka in the interbank foreign exchange market.
- This rapid liquidity injections have been happening at a time when the growth in private sector credit demand has decelerated to 8.2%, the lowest level in the last one decade or more. Large corporates with strong financial standings are also borrowing from abroad at much cheaper rates and restructuring their liabilities by substituting domestic debt with foreign currency denominated debt at much cheaper interest rates. Combined with the massive slowdown in credit to the private sector, the liquidity injection has contributed to a significant liquidity overhang. For most banks the advances to deposits ratios have come down well below the regulatory limit of BB.

<https://www.thedailystar.net/business/news/monetary-policy-dilemma-bangladesh-bank-2036685>

Banks show lackluster performance in disbursing farm stimulus

- Banks are still far from meeting the disbursement deadline for farm loans under the associated stimulus package of BDT 50.00 billion as a third of the fund is yet to be given out. When the package was announced in April last year in the form of a refinance scheme, Bangladesh Bank asked banks to give out the fund by September 30. But they had repeatedly exhibited a poor performance to this end, forcing the central bank to extend the timeframe twice. On December 29, banks were asked to fulfil their disbursement target by March 31 but they have so far distributed BDT 34.11 billion, or 68% of the package, according to data from the central bank.
- A total of 144,903 clients have availed the fund in attempts to make their businesses vibrant. Participation agreements with the central bank have been signed by 43 banks to disburse loans from the stimulus fund dedicated to reviving the agriculture sector. Of them, 16 achieved less than 30% of their respective loan disbursement target set by the banking regulator till January 15, an unwelcome development as the government looks to make a prompt recovery from the economic fallout of Covid-19. The central bank has repeatedly

asked the lenders to expedite disbursements but some of them did not take the issue with the utmost importance, said a Bangladesh Bank official.

<https://www.thedailystar.net/business/news/banks-show-lacklustre-performance-disbursing-farm-stimulus-2036717>

Mobile Financial Services (MFS), payment service operators to face tighter regulations

• The Bangladesh Bank has initiated a move to enforce tighter regulations on payment service, mobile financial service, e-wallet, payment system operators and any other non-bank entities authorised by the BB to provide payment services. To this end, the central bank has drafted a set of guidelines and published the guidelines for stakeholders' opinions on its web site. Besides the payment service operators, the regulations would also be applicable to the banks which would maintain trust cum settlement accounts (TCSA) of the payment service providers and mobile financial service and payment system operators, among others.

• The rapid growth in transactions through the payment systems in recent years has prompted the central bank to come up with the guidelines to secure the public money. The central bank has taken a number of initiatives to make cashless society by using the payment service providers that has raised the importance of imposition of tighter regulations on them. Of the payment service operators, transactions through the MFS operators stood at BDT 5.6 trillion in the year 2020. The guidelines said that the central bank would preserve the right of slapping financial penalty, withholding, suspension and cancellation of approval or no-objection certificate if it seems to the central bank that the service provider's activities is detrimental to the public interest.

<https://www.newagebd.net/article/128676/mfs-payment-service-operators-to-face-tighter-regulations>

Banks show poor response to BDT 165.0 billion refinance

• Banks and non-bank financial institutions have showed a lukewarm response to taking refinance fund from the Bangladesh Bank against the disbursement of loans as part of implementation of a government-announced stimulus package. Though the package meant for the large industries has almost been implemented by the banks and non-bank financial institutions, the entities have so far taken 42.0% of the refinance fund formed by the central bank in this regard. The BB's latest data showed that 46 banks and NBFIs have taken BDT 69.4 billion from the central bank till January 20, 2021 from the refinance fund. The 46 financial institutions, 42 banks and four NBFIs, received the refinance from the BB against the disbursement of stimulus loans worth BDT 139.2 billion to 4,760 large industries.

• On April 23, 2020, the Bangladesh Bank, immediately after the formation of BDT 300.0 billion stimulus package for the large industries on April 12 of the year to offset the economic shock of COVID-19, formed a BDT 150.0 billion refinance fund with a view to assisting scheduled banks with liquidity at 4.0% interest. Initially, the size of the stimulus package was set at BDT 300.0 billion and was later extended to BDT 400.0 billion. With the extension of the stimulus package for the large industries, the BB enhanced the size of the refinance fund to BDT 165.0 billion.

<https://www.newagebd.net/article/128677/banks-show-poor-response-to-tk-16500cr-refinance>

96.0% MSMEs in Bangladesh lost income in Covid-19 pandemic

• A staggering 96.0% of micro, small and medium enterprises (MSMEs) in Bangladesh lost income during the Covid-19 pandemic, according to a recent study. MSMEs in the country reported a median loss in business of 82.0% during the "national holidays" and customer footfall reduced by an average of 67.0%, it added. The findings of the study were disclosed in an online workshop, titled Assessment of the impact of Covid-19 on MSMEs in Asia and Africa, on Thursday. The workshop was supported by Swiss Capacity Building Facility (SCBF) and MicroSave Consulting (MSC), said a press release.

• The study was conducted by MSC with support from the Bill and Melinda Gates Foundation, MetLifeFoundation, Swiss Capacity Building Facility, and Mastercard Foundation. Reports from Kenya indicate MSMEs were showing signs of recovery once the markets reopened. Measures taken in Kenya that could show the way for Bangladesh include the reduction of SME Turnover Tax from 3.0% to 1.0%, an increase in the cap for those liable to pay the levy from USD 50,000 to USD 500,000 and exemptions for small-scale businesses with annual sales less than USD 5,000, according to the panellists.

<https://www.dhakatribune.com/business/2021/01/29/96-msmes-in-bangladesh-lost-income-in-covid-19-pandemic>

No surprises as FDI shrivels in 2020

• Between January and September, FDI inflows stood at USD 1.7 billion, down 19.4% year-on-year, according to data from the Bangladesh Bank. According to the executive chairman of the Bangladesh Investment Development Authority, while the global FDI witnessed a sharp decline, a 20.0% drop in Bangladesh's foreign investment inflow is not unusual.

• Global FDI collapsed 42.0% last year to an estimated USD 859 billion, as per the United Nations Conference on Trade and Development (UNCTAD). Reinvestment of earnings, which soared 12.0% year-on-year, accounted for the bulk of the FDI during the period: USD 1.1 billion. Equity investment declined nearly 22.0% to USD 472.0 million and intra-company loans 76.4% to USD 144.0 million.

<https://www.dhakatribune.com/business/2021/01/29/no-surprises-as-fdi-shrivels-in-2020>

Delay in LNG supply worsens gas crunch

• A scheduled liquefied natural gas (LNG) shipment failure of Oman Trading International (OTI) aggravated the winter-time crisis of natural gas supply across the country over the past couple of weeks. As a consequence, furnace oil import also increased by around 33% in January to around 200,000 tonnes. It happened due to higher-than-expected consumption by the power plants concerned after squeezing of electricity generation in the gas-fired power plants. Gas-guzzling industries, power plants, compressed natural gas (CNG) filling stations and household consumers are still suffering the pinch coupled with the decade-long winter-time gas supply crisis, it has been alleged.

• LNG re-gasification slipped to almost one third, as low as 200 million cubic feet per day (mmcf), last week from the previous week's around 600 mmcf. Besides, overall natural gas supply dropped to around 2,700 mmcf, according to statistics of the state-run Petrobangla. Industry sources, however, predicted that the Omani supplier might have sold the scheduled cargo to spot market, which offered at least three-fold higher price than the oil-linked term deal prices of Petrobangla.

<https://today.thefinancialexpress.com.bd/first-page/delay-in-lng-supply-worsens-gas-crunch-1611852912>

Pressure from traders, banks delays decision on loan repayment

• Under pressure from both traders and banks, the Bangladesh Bank has not been able to make an immediate decision on whether to extend the facility of non-payment of loan instalments. At a meeting with the central bank governor on Wednesday, bankers opined not to extend the facility in the new year, while traders want a time extension. According to the executive director of Bangladesh Bank (BB), no final decision has been made on whether to extend the facility of non-payment of loan instalments. Another executive director of BB told that the central bank would take a final decision after analysing the economic situation and checking the balance sheets of the banks.

• Due to the Covid-19 pandemic, borrowers got the benefit of not repaying the loan instalments last year and there was a halt to debt classification as well. As a result, there were no new defaulters. But the facility expired on 31 December last year. Before the expiry of the tenure, the FBCCI had written to the central bank seeking an extension to the facility till the end of June this year.

<https://tbsnews.net/economy/banking/pressure-traders-banks-delays-decision-loan-repayment-193381>

Small firms to get stimulus funds at 4.0% interest

• Small traders, entrepreneurs and farmers who had no access to finance from banking channels will now be able to avail loans at 4% interest from a fresh Tk 15.0 billion stimulus packages. The government approved a few new packages involving Tk 27.0 billion on January 17 with an aim to improve the living standards of marginalised people living in rural areas. The finance ministry has already prepared a policy regarding the fund for small traders and businesses, which has been forwarded to the cabinet for approval.

• According to Finance Minister, the lenders will take this interest as a cost of transaction and it cannot be more than 4.0%. Only government organisations will get funds from the package free of additional costs. Micro businesses that cannot take loans from banks since they fail to provide the necessary documents will get funds under this package. For example, a number of entrepreneurs who run their businesses under Bangladesh. Small and Cottage Industries Corporation (BSCIC) do not get loans from banks due to lack of necessary documentation.

<https://www.thedailystar.net/business/news/small-firms-get-stimulus-funds-4pc-interest-2035809>

Important News: Capital Market

Three companies to raise BDT 1.86 billion in Feb

• Three companies will open their IPO (initial public offering) subscription in February to raise an aggregate amount of capital worth BDT 1.86 billion from the country's capital market. Of these companies, NRB Commercial Bank, a fourth general commercial bank's IPO subscription will be opened on Wednesday. After September 22, 2008, the country's

capital market is getting a bank through enlisting this bank. According to information of Dhaka Stock Exchange (DSE), the IPO subscription of NRB Commercial Bank will start on February 3 and to be continued till February 9.

• The IPO subscription of Desh General Insurance Company will open on February 14 and to be continued till February 18. Under the fixed price method, the company will raise a capital worth BDT 160 million issuing 16 million shares at an offer price of BDT 10 each. The public subscription of Index Agro Industries will open on February 22 and to be continued till February 28. As per the regulatory approval, the company will raise a capital worth BDT 500 million from the capital market under the book-building method.

<https://today.thefinancialexpress.com.bd/stock-corporate/three-cos-to-raise-BDT-186b-in-feb-1612024869>

BSEC offers exit plan for poor performers

• The Bangladesh Securities and Exchange Commission (BSEC) recently issued a directive offering companies not performing well an exit plan that would help protect small investors in case of delisting. When a company's performance goes down, it is either traded as a junk stock in the over-the-counter market or gets delisted. In any case, the investors get next to nothing from their stocks. United Airways is one such case as it was delisted last month by order of the market regulator. After the delisting, general investors, considering the face value of their stocks, incurred losses of around BDT 7.86 billion.

• With the new directive though, either the regulator or company itself will be able to delist the company in question by paying back its investors, according to BSEC Spokesperson. Those who want to keep a stake in the company will have to buy out the other investors so that when it is delisted, any new investors will not be impacted while the existing ones would get their money back, he also said. Under the directive, listed companies from a bourse's main trading board, delisted securities trading in the over-the-counter market, delisted securities trading under the alternative trading boards and all other securities are eligible for the exit plan.

• Any company that has not been in commercial operation for more than two years, has incurred a net loss for three consecutive years, has accumulated losses that exceed its paid-up capital or fails to declare any cash dividends for three consecutive years is eligible for delisting, the BSEC said in its directive.

<https://www.thedailystar.net/business/news/bsec-offers-exit-plan-poor-performers-2036705>

Mir Akhter to begin share trading from 2 February

• Mir Akhter Hossain Limited, one of the largest construction and engineering firms of the country, will start trading its shares on both the stock exchanges from 2 February (Tuesday) under the "N" category. The company's IPO subscription was held between 24 December and 30 December last year under the book building method. On 5 November last year, the Bangladesh Securities and Exchange Commission (BSEC) gave its approval to the company to raise BDT 1.25 billion through an IPO. The company says it will use the money for expanding business, purchasing equipment and repaying bank loans.

<https://tbsnews.net/economy/stock/mir-akhter-begin-share-trading-2-february-194707>
<https://today.thefinancialexpress.com.bd/stock-corporate/mir-akhter-to-make-debut-tomorrow-1612114690>

IPO subscription of NRBC Bank begins today

• The initial public offering (IPO) subscription of NRBC Bank Ltd begins today (Wednesday), aiming to raise BDT 1.20 billion through IPO under the fixed price method. The fourth generation bank is the first private commercial bank in the last 12 years to be listed on the stock market. Earlier in 2008, First Security Islami Bank got listed with the stock market. NRBC Bank will be the 31st listed bank in the Dhaka Stock Exchange (DSE). The bank's IPO subscription through electronic subscription system (ESS) under the fixed price method will be continued until February 9.

• A market lot consists of 500 shares and resident Bangladeshi investor needs BDT 5,000 to apply for each lot of the company's IPO shares. Each eligible investor (EI) who intends to submit applications through the ESS of the exchange(s) shall maintain a minimum investment of BDT 10 million only at market price in listed securities as on January 26 as per the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-nrbc-bank-begins-today-1612278849>

BSEC body to probe market operators' role

• The securities regulator has formed a two-member committee on Wednesday to probe into the role of market operators behind the unusual price hike of shares of the newly-listed companies, observed in their initial trading sessions. The Bangladesh Securities and Exchange Commission (BSEC) formed the body, identifying some orders placed for the shares of Mir Akhter Hossain Ltd (MAH). As part of the move, the securities regulator will conduct a special inspection to probe into IDLC Securities' role behind the price hike of the shares of MAH, said the BSEC spokesperson.

<https://today.thefinancialexpress.com.bd/first-page/bsec-body-to-probe-market-operators-role-1612376039>

SS Steel gets 3 months to pay PLFSL's money

• The High Court (HC) on Wednesday granted three months' time to SS Steel Limited, a listed company, to take the responsibility to pay BDT 31.25 million to People's Leasing and Financial Services Limited (PLFSL), a non-bank financial institution. During Wednesday's hearing, SS Steel Limited's lawyer submitted an affidavit in the HC saying that they intended to take the responsibility to pay BDT 31.25 million only to PLFSL upon discussion with a former board chairman within a period of three months.

<https://today.thefinancialexpress.com.bd/last-page/ss-steel-gets-3-months-to-pay-plfsls-money-1612376514>

BSEC to suggest 15% gap

• The securities regulator will suggest a 15-per cent gap in corporate tax between listed and non-listed companies in the next budget to attract more companies to the capital market. Previously, there was a 10-per cent corporate tax gap as non-listed companies paid 35-% tax against 25% paid by listed companies. After the 2020-21 fiscal budget, the gap fell to 7.50% as the government reduced tax by 2.5% to 32.50% for non-listed companies. Experts criticised the decision as the non-listed companies would not be interested in going public amid the tax benefit offered for them.

• Three banks are in the pipeline of going public following a regulatory move to add a further fillip to the capital market, the BSEC chairman disclosed. South Bangla Agriculture and Commerce Bank has already submitted its IPO (initial public offering) proposal while two others will submit soon.

<https://today.thefinancialexpress.com.bd/first-page/bsec-to-suggest-15pc-gap-1612288705>
<https://www.thedailystar.net/business/news/bsec-wants-cuts-corporate-tax-listed-firms-2038313>
<https://tbsnews.net/economy/stock/increase-tax-incentive-bring-blue-chips-capital-market-bsec-chair-195898>

BSEC to verify IPO seekers' sales data with tax returns

• The Bangladesh Securities and Exchange Commission has decided to check the accuracy of a company's sales figure in its initial public offering prospectus with the VAT or income tax returns submitted by the company to the National Board of Revenue. The BSEC on January 31 sent a request letter to the NBR for setting a focal point to collaborate with the plan of the regulator. The commission in the letter said that if the NBR supports the plan, it would be easier for the commission to ensure the accuracy of IPO application data.

<https://www.newagebd.net/article/129089/bsec-to-verify-ipo-seekers-sales-data-with-tax-returns>

Dhaka bourse to issue stock brokerage licences

• In order to increase its business, the Dhaka Stock Exchange (DSE) will issue stock brokerage licences to new companies, allowing them to buy and sell shares on the capital market. However, new brokerage houses will not get any share of the country's premier bourse. Currently, there are 250 brokerage firms which are the primary shareholders of the DSE. In a meeting on Tuesday, the DSE's Board of Directors decided to issue the brokerage licences, read a press release.

• To avail a Trec licence, a local firm must invest at least BDT 90 million in total in the form of paid-up capital, security deposit and registration fee. The amount is as high as BDT 160 million for foreign applicants, while local-foreign joint ventures will require at least BDT 130 million to avail a brokerage licence from the local bourse, according to the Bangladesh Securities and Exchange Commission's (BSEC) rules. A local firm must have BDT 50 million paid-up capital, BDT 30 million for a security deposit and BDT 10 million for the registration fee.

<https://tbsnews.net/economy/stock/dhaka-bourse-issue-stock-brokerage-licences-195904>

GP hasn't set aside funds against govt's audit claim: auditor

• Grameenphone has not set aside any funds against the government's claim of BDT 125.80 billion in unpaid taxes and fees, prompting its auditor to include it as an emphasis of matter paragraph in the financial statement. An auditor's emphasis of matter paragraph indicates that the auditor's opinion is not modified with respect to the matter emphasised. The Dhaka Stock Exchange (DSE) disclosed the view of the auditor of the listed telecom company on its website yesterday. The Bangladesh Telecommunication Regulatory Commission (BTRC) in 2019 asked the operator to pay BDT 125.80 billion in dues concerning the audit conducted by the commission from the period from the company's inception in 1997 to December 31, 2014.

- The management of GP has contested the demands in the court. Pending final outcome of the court proceedings, the management has concluded that significant uncertainty exists to enable any reliable estimation of a potential obligation, the auditor said. No provision for these demands and consequential interest thereon has been made in the accompanying financial statement.

<https://www.thedailystar.net/business/news/gp-hasnt-set-aside-funds-against-govts-audit-claim-auditor-2037753>

EIs to join in IPO bidding thru' committee

- The eligible investors (EIs) will have to take part in the initial public offering (IPO) bidding through a committee, which will unbiasedly recommend quantity and price of the shares concerned, based on some criteria. The Bangladesh Securities and Exchange Commission (BSEC) introduced a valuation method for the EIs on Monday to curb the alleged manipulation that took place while recommending share prices under the book building method. In its directive, the BSEC said the EIs will have to form a bidding recommendation committee, comprising at least two members having relevant knowledge, skill, qualification and experience.

- The BSEC mentioned some methods, including net asset method, which must be followed while mentioning quantity and price of the shares of a company, to be listed under book building method. The bidders must not bid over 1.2 times of the price determined through the method.

<https://today.thefinancialexpress.com.bd/first-page/eis-to-join-in-ipo-bidding-thru-committee-1612202910>

<https://tbsnews.net/economy/stock/bsec-sets-upper-limit-institutional-investors-bidding-195307>

<https://www.newagebd.net/article/128976/bsec-sets-ipo-bidding-methods-for-eis>

BSEC to launch audit of BD Welding

- The Bangladesh Securities and Exchange Commission (BSEC) has appointed independent directors at Bangladesh Welding and decided to run a special audit on the company to protect the interests of general investors holding 65% of its stakes. The stock market regulator has nominated and appointed two distinguished persons as independent directors of the company, said the Dhaka Stock Exchange yesterday in a disclosure.

<https://www.thedailystar.net/business/news/bsec-launch-audit-bd-welding-2037737>

Only Sea Pearl Beach Resort rebounds, others still reel

- The Covid-19 pandemic has confronted the hospitality industry with an unprecedented challenge. All luxury hotels, especially five-star ones, are still trying to turn around with their businesses introducing a new strategy. There are 17 five-star hotels across the country. Among them, only Sea Pearl Beach Resort and Spa Limited has managed to register growth in its revenue in the second quarter of fiscal 2020-21, while others are still reeling. Sea Pearl, situated at Inani in Cox's Bazar, reported a 52% year-on-year growth with a revenue of BDT 236.3 million in the second quarter of this fiscal year. Its revenue dropped by 78% in the April-June quarter in the last fiscal year due to the 66-day nationwide shutdown.

- The company secretary of Sea Pearl, told The Business Standard, their hotel has a larger

area than other hotels in Cox's Bazar have. Besides, they are also far from a chaotic environment in the town. That is why their resort is the first choice among guests. But, they did not receive any foreign guests because of the pandemic. Still, their occupancy rate is more than 80%. They have taken a new strategy in terms of health safety at the pandemic time. When guests arrive at the airport, they escort them with proper sanitization and take them to the hotel. If any guest is found with Covid-19 symptoms, they have a quarantine facility for them.

<https://tbsnews.net/economy/only-sea-pearl-beach-resort-rebounds-others-still-reel-195340>

Placement shares to be part of IPO

- The Bangladesh Securities and Exchange Commission has moved to allow companies intending to raise capital through initial public offering to keep 15% of IPO shares and sell them to anybody the firms wish before the IPO approval. The regulator would also reduce the lock-in period of placement shares held by foreign investors to one year from the existing two years. A BSEC commissioner said that the regulator had taken the move to bring transparency in the placement business. Market experts said that the wicked placement business would have a fine tune amid the BSEC's new IPO rules.

<https://www.newagebd.net/article/128855/placement-shares-to-be-part-of-ipo>

GP, Robi maintain they are all square with BTRC. But BTRC states otherwise

- Both Grameenphone and Robi thought they had settled their long-drawn-out tug-of-war over unpaid dues with the Bangladesh Telecommunication Regulatory Commission (BTRC) last year when the court ordered them to pay 15.9% of the claimed amount in instalments. But out of the blue, last week at the parliament, Posts, Telecom and IT minister Mustafa Jabbar mentioned that the two yet to pay BDT 113.08 billion, which would be the remaining 84.1% of the amount claimed by the BTRC in unpaid sums after combing through their books. This threw the two operators into a state of confusion.

- And then came a letter from the telecom regulator inviting the two operators to a meeting, which will also include officials from the National Board of Revenue (NBR), to come to a solution. After an information and systems audit by Toha Khan Zaman & Co. on Grameenphone's books from its inception in 1997 until June 2015, the BTRC said the operator has failed to pay a total of BDT 125.79 billion. As the case is dragging on, the telecom regulator wanted to meet with Grameenphone and Robi personally to come to a compromise, if necessary, BTRC officials told Dhaka Tribune recently.

<https://www.dhakatribune.com/business/2021/01/31/gp-robi-maintain-they-are-all-square-with-btrc-but-btrc-states-otherwise>