

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

September Non-performing loans drop 2.0% due to relaxed rules

- The volume of non-performing loans (NPLs) fell by nearly 2.0% or BDT 16.76 billion to BDT 944.40 billion as on September 30 from BDT 961.17 billion as on June 30 this year, according to the Bangladesh Bank (BB)'s latest statistics. However, the real picture of the default loans would surface after ending the suspension of loan classification, according to senior bankers. The central bank had extended by three more months the suspension of rigid rules for classification of loans to help the businesses overcome the effect of the pandemic.
- The BB has already asked all the scheduled banks not to be harsh while classifying loans until December 31, 2020. The original deadline for the facility expired on September 30. The default loans include substandard, doubtful and bad/loss of total outstanding credits, which stood at BDT 10,636.26 billion as on September 30, 2020, from BDT 10,497.24 billion as on June 30 this calendar year. It was BDT 10,118.29 billion as on December 31, 2019.

<https://today.thefinancialexpress.com.bd/first-page/sept-npls-drop-20pc-1606758734>
<https://www.dhakatribune.com/business/banks/2020/12/01/default-loans-drop-in-september-as-expected>
<https://www.thedailystar.net/business/news/default-loans-fall-slightly-relaxed-rules-2003881>
<https://www.newagebd.net/article/123063/bbs-policy-relaxations-cut-npls-to-BDT-94440cr-at-sept-end>

National Board of Revenue (NBR) clinches BDT 3.81 billion from money whitening

- Some 3,220 people whitened their undisclosed income by investing in movable and immovable properties between July 01 and November 29 period of the current fiscal year (FY). They have legalised their undisclosed money-making use of a provision incorporated in the national budget for FY 2020-21. The National Board of Revenue (NBR) has received BDT3.81 billion taxes against the funds disclosed by individuals. The money was shown as investment in land, building, cash, bank deposits and other financial instruments.
- According to the NBR data, some 138 people also invested their undisclosed money in the share market, paying BDT 188.4 million taxes until November 29, 2020. Mainly large taxpayers who file tax returns with the help of their tax consultants avail the opportunity, said a senior tax official, adding that those taxpayers usually file time petitions, seeking more time to submit their returns.
- For investment of undisclosed money in the capital market, the income tax wing specified six conditions. They include: (a) investment should be made from July 1, 2020 to June 30, 2021 (both days included); (b) taxes have to be paid within 30 days of investment and (c) a declaration paper in IT2020 form will have to be submitted to the deputy commissioner of taxes on investment. In case of withdrawal of investment within one year from the capital market, the income of taxpayers will be considered as 'other income' and tax would be imposed at a regular rate on the amount.

<https://today.thefinancialexpress.com.bd/first-page/nbr-clinches-Tk-381b-from-money-whitening-1606758504>
<https://tbsnews.net/economy/nbr/3358-people-whiten-untaxed-money-165292>
<https://www.thedailystar.net/business/news/3220-taxpayers-come-clean-nbr-gets-tk-380cr-2003861>
<https://www.newagebd.net/article/123064/nbr-gets-tk-38131cr-in-tax-under-spl-scheme>

Government eyes USD 1.2 billion World Bank hard-term loan

- Bangladesh is likely to seek a hard-term World Bank (WB) loan worth USD 1.2 billion to finance three of its development projects, officials said on Monday. They said the country may have to choose the alternative window as the Washington-based global lender has already pledged for providing around USD 4.0 billion of concessional loan from its IDA for next three fiscal years (FY2020-23).
- Officials at the Ministry of Finance (MoF) said the IDA fund would not be enough to finance the three projects - electricity distribution modernization system project, Jamuna River economic corridor development programme and Bangladesh road safety programme. When the government approached the WB for the IDA loan for financing the projects, the WB suggested taking USD 500 million, USD 400 million and USD 300 million respectively for the projects from its Scale Up Window (SUW) of lending.
- Economic Relations Division (ERD) officials said the rate of interest on SUW loan is LIBOR or EURIBOR plus 1.5-2.0% with a shorter repayment period (around 15 years) as compared to only 2.0% for the IDA credit that offers 30-year maturity with a grace period of five years for repayment. Since the IDA-19 package is not enough to bankroll the pipeline projects, the WB has offered the loans from its SUW, said an official at ERD.

<https://today.thefinancialexpress.com.bd/first-page/govt-eyes-12b-wb-hard-term-loan-1606758880>

Swell in demand for biscuits during pandemic

- When the Covid-19 pandemic has put all sectors in the soup, the biscuit and bread industry is the only sector enjoying a green patch with higher sales than in pre-pandemic times. Two leading biscuit manufacturers – Olympic and Pran – and many others have gone for new investments with a significant surge in the demand for their dry food products. Additionally, Reedisha, a new brand of biscuit owned by Kohinoor, recently entered the market while Bashundhara Group is also in the pipeline with its own brand.
- Industry insiders have linked this sudden sales growth to people's preference for packaged biscuits as street food is considered to be unsafe at this time of the pandemic. Most biscuit and bread companies have registered 20% growth between April and October this year, although the sector's growth is not more than 10-12% even in normal times. Olympic's biscuit exports have posted more than 50% growth as well. Olympic, the market leader which accounts for 25% of the industry, witnessed a 22% hike in sales in the April-June quarter of this year when the country was under the 66-day shutdown.
- Olympic has decided to invest BDT 420.0 million to enhance its production capacity. The company will be able to produce around 12,442 more tonnes of bakery items with the added facility, taking the total capacity to 0.13 million tonnes. For the first time since its inception, the company has crossed BDT 15.0 billion-mark in sales in the fiscal 2019-20, thanks to the sudden growth triggered by Covid-19. Olympic has continued to witness its sales growth in the post-shutdown period. In July-September, the company saw a 17% growth in biscuit sales. Its exports also grew by 51% in the last six months (April-September).

<https://www.dhakatribune.com/business/commerce/2020/12/01/marico-rolls-out-two-baby-care-products-as-it-continues-to-branch-out-from-parachute-coconut-oil>

Olympic to import new machinery worth BDT 420.0 million

- Olympic Industries has decided to import new machinery at an estimated total cost of BDT 420.0 million to produce new premium varieties of Cracker and Hard Dough Biscuits to meet the growing demand. The listed food-maker will finance the amount with its own funds and bank loans, according to the disclosure. With the new machinery, the company will produce new premium varieties of Cracker and Hard Dough Biscuits of around 12,442 metric tons per annum. The company's earnings per share (EPS) stood at BDT 2.85 for July-September, 2020 quarter as against BDT 2.79 for the same period of the previous year.

<https://today.thefinancialexpress.com.bd/stock-corporate/olympic-to-import-new-machinery-worth-BDT-420m-1606753452>

Ice cream makers pass the worst year

- The ice-cream industry was getting ready for their busiest season of the year in March. But instead of hauling in record sales, the industry witnessed its steepest lean period because of the coronavirus pandemic as people opted to stay indoors mostly. The economy reopened in June, but the sales did not pick up much as many people still prefer avoiding the option of eating out. As winter kicks in, the industry stares at its worst year. Already, many non-branded ice-cream producers have been compelled to shut factories. Ice cream brands are incurring losses and have so far been able to stay afloat because of strong financial backup.
- The primary season for the ice-cream industry starts from March which continues until July. It witnesses lower sales from November to February. The industry usually sees the highest sales in April when temperatures soar. But this year sales dropped from March due to the fear of the contracting the Covid-19, and this continued to July, said the chairman of Golden Harvest Group, which has 15.0% share of the market with Kwality and Bloop brands.
- According to the chairman of Golden Harvest Group, next year would mark the 50th anniversary of Bangladesh's Independence and the industry was hoping for a massive sale during the year. But the second wave may shatter the hope. Sales may drop to 30 to 35% at the end of the year. If the ice-cream industry fails to attain sales of at least 50% in 2021, it will be difficult for many good companies to survive. Annual sales of the industry were around BDT 15.0 billion when circumstances were normal, with brands accounting for 65-70% of the turnover.

<https://www.thedailystar.net/business/news/ice-cream-makers-pass-the-worst-year-2003893>

Dominage Steel makes debut tomorrow

- Dominage Steel Building Systems will make its shares trading debut tomorrow (Wednesday) on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) under 'N' category. The board of directors of the newly-listed company has recommended 2.0% cash and 8.0% stock dividend for the year ended on June 30, 2020, according to an official disclosure on Monday. The board has also decided to increase authorised capital from BDT 1.0 billion to BDT 1.50 billion by amending Clause V of the Memorandum of Association and Article 6 of the Articles of Association of the company subject to approval of the shareholders in the EGM

- The company has also reported earnings per share (EPS) of BDT. 1.42, net asset value (NAV) per share of BDT. 21.23 and net operating cash flow per share (NOCFPS) of BDT. 4.78 for the year ended on June 30, 2020 as against BDT. 1.83, BDT. 19.81 and BDT. 5.40 respectively for the same period of the previous year. The company will utilise the IPO proceeds for acquisition of new plant & machinery (55.77%), building and other construction (30.14%), electrical installation (7.56%) and bearing the IPO related expenses (6.53%)

<https://today.thefinancialexpress.com.bd/stock-corporate/dominage-steel-makes-debut-tomorrow-1606753389>

Index Agro's shares 20.0% cheaper for retail investors

- General investors will be able to buy Index Agro's shares at BDT 50 instead of BDT 62 at its initial public offering (IPO) after the Bangladesh Securities and Exchange Commission (BSEC) approved a 20% discount on the company's primary shares. According to the securities regulator's book-building rules, shares sold to general investors must be at a 10% discount on the cut-off price. But the stock market regulator permitted it to increase the discount to 20% after the company made a request.
- The agro-based company will use BDT 500 million from the IPO fund to install new machinery at its plant and repay some of its bank loans. According to its audited financial statements for the year ending on June 30, 2019, Index Agro's weighted net asset value per share was BDT 45, while earnings per share was BDT 7.1. The company produces poultry and fish feed and day-old chicks.

<https://www.dhakatribune.com/business/stock/2020/11/30/investors-to-get-20-off-on-index-agro-shares>

Ring Shine's foreign sponsors desperate to sell stake

- Sponsor-directors of the debt-burdened Ring Shine Textiles, all hailing from either Singapore or Taiwan, are frantically trying to sell their 31.5% stake and get out of Bangladesh. The sponsors have reached out to several institutional investors offering to sell their stake. The revelation comes after the company last week announced the closure of its factory in Savar's Dhaka Export Processing Zone for one more month until December 24 for want of orders amid the global coronavirus pandemic, even though its listed counterparts are all running their plants in full steam.

<https://www.dhakatribune.com/business/stock/2020/12/01/ring-shine-s-foreign-sponsors-desperate-to-sell-stake>
<https://www.newagebd.net/article/123065/ring-shines-sponsors-looking-for-buyers-to-sell-their-shares>

Marico rolls out two baby care products as it continues to branch out from Parachute Coconut Oil

- Indian fast-moving consumer goods company Marico has added two new products to its baby care range as part of the Parachute Coconut Oil maker's efforts to cut down on its dependency on the much-loved hair oil for its earnings. The new products, a face cream and rash cream, takes the number of products under Marico's baby care line Parachute Just for Baby, which was launched in February 2019, to seven.
- Between July and September, its profit soared 17.8% year-on-year to BDT 789 million as demand returned for its personal grooming products with the reopening of the economy from June. During the quarter, the Bangladesh subsidiary of the Mumbai-based company performed better than its parent, whose profit was up 8% to INR 2.73 billion. The development is yet another spot of good news for its shareholders, which had announced an interim cash dividend of 200% for the first half of its 2020-21 financial year, which runs from April to March.

<https://www.dhakatribune.com/business/commerce/2020/12/01/marico-rolls-out-two-baby-care-products-as-it-continues-to-branch-out-from-parachute-coconut-oil>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 45.25	(USD 16.38)	-26.58%
Crude Oil (Brent)*	USD 47.59	(USD 20.85)	-30.46%
Gold Spot*	USD 1,777.97	USD 256.50	16.86%
DSEX	4,866.84	413.91	9.30%
S&P 500	3,621.63	390.85	12.10%
FTSE 100	6,266.19	(1,320.86)	-17.41%
BSE SENSEX	44,149.72	2,507.58	6.02%
KSE-100	41,068.82	333.74	0.82%
CSEALL	6,243.76	114.55	1.87%

Exchange Rates

USD 1 = BDT 84.66*

GBP 1 = BDT 112.96*

EUR 1 = BDT 101.11*

INR 1 = BDT 1.14*

*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.

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