

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.

More fiscal support, if situation demands

- Commerce minister on Saturday said that the government would consider providing the second stimulus package for businesses, especially for the apparel sector, if the situation demands. The apex trade body, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) of the readymade garment sector introduced the new initiative comprising seven pledges aimed at making the sector sustainable, human resource-oriented and environment-friendly. The minister said the government is considering the need for more stimulus packages with an open mind. He also underscored the need for considering the extension of repayment period for the funds already disbursed under the stimulus package to give the apparel sector a breathing space.
- BGMEA president said the association introduced the initiative in tune with the government's efforts to achieve the Sustainable Development Goals (SDGs). The initiative constitutes seven pledges aimed at enhancing living standards of the workers by offering them the opportunity to receive higher education, ensuring wellbeing of their kids at the workplaces, and support mental health. She said the BGMEA's other pledges involve the sustainability of the factories, promoting local fashion in the world, ensuring health safety of the workers and prepare the sector for adopting transformative technologies with skill and innovation.

<https://today.thefinancialexpress.com.bd/first-page/more-fiscal-support-if-situation-demands-1607795813>
<https://www.dhakatribune.com/business/2020/12/13/garment-exporters-can-brace-for-a-second-round-of-rescue-deal>
<https://www.thedailystar.net/business/news/govt-plans-fresh-apparel-stimulus-2010517>
<https://tbsnews.net/economy/rmg/govt-may-consider-2nd-stimulus-rmg-sector-minister-170656>

Three banks get Bangladesh Securities and Exchange Commission nod to raise BDT 14 billion

- The stock market regulator has given approval to issue perpetual bonds worth BDT 14 billion in favour of three listed bank - First Security Islami Bank, Trust Bank and City Bank - to strengthen their additional Tier-1 capital base. The perpetual bonds will be unsecured and feature a floating rate. The price per unit of each bond is BDT 1.0 million. As per the regulatory approval, First Security Islami Bank will issue perpetual bond of BDT 6.0 billion while Trust Bank and City Bank to issue bonds worth BDT 4.0 billion each.
- First Security Islami Bank will issue unsecured, contingent-convertible, floating rate, mudaraba perpetual bond worth BDT 6.0 billion. The purpose of the bond issue is to strengthen the additional Tier-1 capital base of the bank. The price per unit of the bond is BDT 1.0 million and the coupon rate is 6.0% to 10%. City bank and Trust bank have informed that that BSEC has accorded consent under the provisions of the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012, for raising of capital of the company amounting to BDT 4.0 billion by issuing of unsecured, contingent-convertible, floating rate perpetual bond through private placement in cash consideration.

<https://today.thefinancialexpress.com.bd/stock-corporate/three-banks-get-bsec-nod-to-raise-BDT-14b-1607788472>

Bangladesh Bank foresees a spike in bad loans in 2021

- Banks will have to keep higher provisioning against their unclassified loans for this year, in what can be viewed as a proactive move from the Bangladesh Bank to protect the sector's financial health once the loan moratorium facility is lifted in the new year. Special Mention Accounts are the ones that show symptoms of bad asset quality in the first 90 days itself or before it is identified as classified. Provisioning is a portion of the income set aside to cover for The BB also tightened the rules for transferring unrealised interest income to the income account. Non-payment of loans has been on the rise, which is creating extra risks for the overall banking sector, said a high official of the BB requesting anonymity.
- At the end of September, the country's scheduled banks maintained BDT 610 billion in provisioning against their requirement of BDT 636 billion. Usually, the banks are supposed to keep 0.25% to 2% provisioning against unclassified loans. But now, banks will have to keep 3% provisioning including the 1% additional provisioning under the head of 'Special General Provision COVID-19' while preparing their financial statement for 2020.

<https://www.dhakatribune.com/business/banks/2020/12/11/bb-foresees-a-spike-in-bad-loans-in-2021>

Two Chinese firms to invest USD 28.69m

- Two Chinese companies are set to invest around BDT 2.44 billion, equivalent to USD 28.69 million, in Bangladesh for establishing manufacturing units for non-woven personal protective equipment (PPE), steel structural items and ready-mix concrete. The duo will sign an agreement with Bangladesh Economic Zones Authority (Beza) tomorrow to take lease of land to set up the factories at Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN). This exemplifies foreign investors' confidence built up through Beza's performance and government initiatives to create a business friendly environment, Beza Executive Chairman said.

<https://www.thedailystar.net/business/news/two-chinese-firms-invest-2869m-2010521>

Insurance firms must invest 20% equity for listing

- Twenty-six insurance companies, which have less than BDT 300 million paid-up capital, must invest at least 20% of their equity in the capital market if they want to get listed. In addition, any of the companies will have to raise at least BDT 150 million by offloading shares to the stock market. BSEC Executive Director and Spokesman said that recently three insurance firms have received approval where the commission had imposed the conditions. The directive will be applicable for all insurance firms when they come to the capital market for listing, he added.

- Earlier, the securities regulator exempted the insurance companies from the securities rule to enable them to get listed on the stock market under the fixed price method. Under the new facility, the insurance companies will be able to apply to the commission for IPO aiming to raise less than BDT 300 million. BSEC took the decision in response to an application by the Insurance Development and Regulatory Authority of Bangladesh (Idra) in this regard.

<https://tbsnews.net/economy/insurance-firms-must-invest-20-equity-listing-170839>

Energypac Power's IPO subscription ends today while subscription of Mir Akhter will open on December 24th.

- The IPO subscription of Energypac Power Generation will end today (Sunday) while subscription of Mir Akhter Hossain, one of the leading constructions and engineering companies in Bangladesh, will open on December 24. Energypac Power will raise BDT 1.50 billion while Mir Akhter Hossain will collect BDT 1.25 billion from the capital market under the book-building method. Energypac Power: The IPO subscription of Energypac Power Generation will end today (Sunday) at 5:30pm. The company's IPO subscription started on December 7 at 10:30am.

- 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 its abridged prospectus. A market lot consists of 100 shares and an investor needs BDT 5,400 to apply for each lot of the company's IPO shares. The cut-off price of Mir Akhter shares had been fixed at BDT 60 each. The company will issue a total of 20,771,547 ordinary shares, of which 10,385,747 shares are reserved for eligible investors (EIs) at their own bid price.

<https://today.thefinancialexpress.com.bd/stock-corporate/energypac-powers-ipo-subscription-ends-today-1607788567>
<https://tbsnews.net/economy/stock/energypac-ipo-subscription-close-13-december-170842>

Energypac has all ingredients to be a blockbuster IPO

- Energypac's initial public offering subscription, which began on December 7, wraps up today. The company has a bright outlook due to being a diversified end-to-end engineering solution provider in a fast-growing Bangladesh. Energypac's sales almost tripled in 2018 due to the start of LPG business in 2017, said recent research by Brac-EPL. LPG has emerged as an alternative to natural gas and is likely to be popular as an alternative automobile fuel due to its cost-effectiveness and environment-friendliness.

- The current LPG industry size is 0.9 million tonnes, and it is expected to reach 2 million tonnes by 2025, implying a compound annual growth rate of 15.3%. Energypac has the same storage capacity as Bashundhara, its daily refill capacity of about 3,500 cylinders pales in comparison to the number one player. • The company would use BDT 262 million of the IPO proceeds to procure LPG carrier and accessories, BDT 523 million for importing LPG cylinders and another BDT 176 million for purchasing material for LPG cylinders. The rest of the IPO proceeds would be used for loan repayment and footing IPO expenses.

- Energypac and its subsidiaries are highly leveraged, said the Brac-EPL report. The company had 2.5 times more debt than its equity investment in the nine months of 2019. It initially borrowed fund at an average rate of 12.5%. The implementation of the single-digit interest rate in 2020 is likely to be advantageous for the company. No wonder then it would use 33% of the IPO proceeds to clear its bank loans.

<https://www.dhakatribune.com/business/stock/2020/12/13/energypac-has-all-ingredients-to-be-a-blockbuster-ipo>

Keya's assets melt down after figure jugglery

- Transferring toxic assets of private concerns to the public company and hiding weakness through questionable accounting over years – all have come to roost now as Keya Cosmetics Limited has announced an annual loss for the fiscal year 2018-19 that surpasses its capital. The huge loss has eroded the listed company's net asset to almost zero. Thanks to actions taken by accounting regulator Financial Reporting Council (FRC), the company was compelled to correct its false accounts. The company posted a meagre profit for the FY20, but the amount is far from being significant in terms of asset rebuilding.
- Keya Cosmetics, by making annual profits more than half of its paid up capital, amalgamated Keya Detergent and its backward linkage Keya Soap Chemicals Ltd in 2010. The amalgamation appeared to be a synergy killer in contrast to the common expectation for synergy boosts as the post-amalgamation listed company's profit dropped by two-thirds within three years. The same story of unwelcomed amalgamation was repeated in the mid 2010s when the group attempted merging three of its textile companies – Keya Spinning Mills, Keya Cotton Mills, and Keya Knit Composite – which had already failed to get listed on the bourses.

<https://tbsnews.net/companies/keyas-net-asset-evaporates-zero-170914>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$46.57	(\$15.06)	-24.44%
Crude Oil (Brent)*	\$49.97	(\$18.47)	-26.99%
Gold Spot*	\$1,839.85	\$318.38	20.93%
DSEX	5,094.66	641.73	14.41%
S&P 500	3,663.46	432.68	13.39%
FTSE 100	6,546.75	(1,040.30)	-13.71%
BSE SENSEX	46,099.01	4,456.87	10.70%
KSE-100	42,470.39	1,735.31	4.26%
CSEALL	6,614.56	485.35	7.92%

Exchange Rates

USD 1 = BDT 84.72*

GBP 1 = BDT 112.06*

EUR 1 = BDT 102.61*

INR 1 = BDT 1.15*

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

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