

*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.*

### **Garment exporters dealt a fresh blow: brands offering lower prices**

- Not only are they facing cancellations or deferrals of work orders or lower volumes, but the global retailers are also asking for discounted rates from Bangladesh's garment factories. Between January and September, the prices of apparel goods exported from Bangladesh were 2.1% lower than a year earlier, according to the National Board Revenue data analyzed by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the sector's apex trade body. In September alone, the prices of clothing goods fell by 5.2%
- A garment exporter who ships to major American retailers said that the retailers always tended to bargain for lower prices, it is a common practice. But during the pandemic, they went one step further. Given the tight spot they are in, the garment exporters are accepting whatever price is being offered. Between 2014 and 2018, the prices of apparel products shipped from Bangladesh to the EU declined 3.6% and to the US about 7.0%, according to data from the BGMEA.
- Between March and October, garment shipments, which bring home more than 84% of the export earnings, raked in USD 16.5 billion, down about 23.0% year-on-year, according to data from the Export Promotion Bureau. And the direct impact of this has been that the sector let go of 70,000 workers. Now the price cuts are posing a fresh risk to the sector's 4 million-odd mostly female workers' livelihood.

<https://www.dhakatribune.com/business/economy/2020/11/09/garment-exporters-dealt-a-fresh-blow-brands-offering-lower-prices>

### **Bangladesh Bank cuts credit risk for banks to speed up stimulus fund disbursement**

- Microfinance institutions will take loans from three banks to ensure that the government's BDT 30.0 billion stimulus package smoothly reaches marginal businesses farmers and low-income professionals. The Bangladesh Bank, however, has not increased the loan ceiling for microfinance institutions (MFIs) from the stimulus package, according to a notice issued by the banking regulator yesterday.
- On April 20, the central bank unveiled the fund in the form of a refinance scheme for low-income professionals, marginal farmers and micro-enterprises to keep them afloat. As per the rule, the central bank had said a bank could lend up to BDT 1.5 billion or 30% of its last three years' average loan to an MFI, or whichever was lower. If a bank channels the whole fund to a single MFI, the lender's loan may enter into a risky zone, said the central bank official. Three banks, instead of one as per previous rules, will now be allowed to give out the loans to an MFI, meaning that the three will share the credit risk. Under the package, the BB will initially provide the fund to banks at 1% interest, which they will lend to the MFIs at 3.5% interest. The MFIs will be allowed to charge borrowers a maximum of 9% as interest.
- Small businesses like roadside tea stalls can get this loan, the highest amount of which would be BDT 75,000, given that each shop is owned by a single person. If a small business is owned by more than five persons, the loan ceiling would go up to BDT 300,000. The loan must be paid back within a year. MFIs are allowed to disburse loans ranging from BDT 1.0 million to BDT 3.0 million to microenterprises and their repayment duration would be two years. The duration of the revolving scheme is three years, and the volume of the fund will be widened if required, said the BB notice in April.

<https://www.thedailystar.net/business/news/bb-cuts-credit-risk-banks-speed-stimulus-fund-disbursement-1992261>

### **Rising accounts take banks closer to people**

- The number of deposit accounts in the banking sector stood at 132.4 million as of June this year, up 4.6% from six months ago and 33.6% from a year earlier, according to data from the central bank. Deposits in the banking sector rose 11.26% year-on-year to BDT 12.6 trillion in June this year.
- Dutch-Bangla Bank Limited (DBBL) has 29.0 million accounts, the highest in the banking sector. The lender has set up 4,834 ATMs, which is 43.13% of the 11,206 installed by all the banks combined in the country. According to the Managing Director DBBL, the bank earlier took several initiatives to increase the number of accounts. Their clients can withdraw funds through our large ATM network. The network has encouraged the opening of accounts with the bank. Also, Dutch-Bangla Bank encourages depositors to avail branchless banking modes such as ATMs and mobile apps, which have been providing tremendous support to clients.
- As per the central bank rules, banks are allowed to enjoy service charge ranging from BDT 100 to BDT 300 from deposit accounts. But nothing can be charged if the average annual minimum balance is below BDT 10,000. According to a Bangladesh Bank official, the rising number of accounts has helped curb corruption as well.

<https://www.thedailystar.net/business/news/rising-accounts-take-banks-closer-people-1992309>

### **A boost for real estate**

- The government has halved the tax for transferring immovable property by the companies located in city corporation areas of Dhaka and Chattogram. The property transfer tax has been cut to 1.0% from 2.0% by issuing a gazette notification. The reduced tax rate will come into effect from December 1, 2020.
- Companies in Dhaka South City Corporation, Dhaka North City Corporation and Chattogram City Corporation will be able to avail the benefit. However, it will be applicable to the companies who will transfer immovable properties. Earlier, there was 2.0% transfer tax on the total value of immovable property, mainly land, for all. People familiar with the development said the reduction of tax on properties will facilitate real estate business, pushing down the cost of registration of land and apartments.

<https://today.thefinancialexpress.com.bd/first-page/a-boost-for-real-estate-1604942811>

### **Bangladesh halts bid to import spot LNG**

- Bangladesh has cancelled tenders to import LNG (liquefied natural gas) from spot market in December as evaluators found too 'expensive' the bidding for two 138,000-cubic metre LNG cargoes. Rupantarita Prakritik Gas Company Ltd (RPGCL), which oversees LNG imports, may go for re-tender to get expected price quotes from bidders said by a senior energy ministry official. Vitol Asia Pte Ltd was the lone bidder for both tenders for early and late December deliveries of cargoes. It quoted USD 7.60 and USD 6.89 per million British thermal unit (MMBTu) respectively.
- The quoted prices are higher than the import price of LNG from long-term contractors Qatargas and Oman's Trading International (OTI). Earlier, Bangladesh cancelled tender for November delivery of spot LNG cargoes as the price quotes of two bidders-Vitol and Swiss AOT Trading AG-were found higher than expected. The country has so far imported only one 138,000-cubic metre LNG cargo from spot market, which was delivered in late September. Vitol delivered the first and so far, the lone cargo carrying an estimated 138,000 cubic metres of LNG from spot market on September 25.

<https://today.thefinancialexpress.com.bd/last-page/bangladesh-halts-bid-to-import-spot-lng-1604943453>

### **Customs rules bent for EPZ factories**

- The National Board of Revenue (NBR) has allowed repurposed use of containers for the export-oriented industries located within the export processing zones. With the relaxation of customs rules, export-oriented industries will be able to save their costs and time for shipments. The customs wing of the board issued a Standard Operating Procedure (SOP) through a special order on November 5. As per the order, export-oriented industries will not have to send the empty containers to the designated locations of shipping agents after unloading of imported raw materials inside the EPZs.
- According to the SOP, the exporters will have to make online shipping orders to the shipping agents or freight forwarders for exporting products through FCL (Full Container Load) or LCL (Less Container Load) containers. NBR officials said allowing the reuse of the containers will help facilitate foreign direct investment (FDI) and ease doing business. Investors, especially from Japan, have long been demanding the facility to reduce their time and cost of business.

<https://today.thefinancialexpress.com.bd/last-page/customs-rules-bent-for-epz-factories-1604943371>  
<https://www.newagebd.net/article/121193/epz-investors-allowed-to-reuse-import-containers-for-export>

### **Bangladesh Securities and Exchange Commission (BSEC) gets lukewarm response from companies**

- Companies willing to raise funds showed lukewarm response to submit IPO proposals based on the financials for the year ended on June 30 as COVID-19 hit their businesses along with hampering preparation of going public. Most of the local companies submitted IPO (initial public offering) proposals based on the financial statements prepared for June closing. But, only one company submitted IPO proposal with the financial statement for ended on June 30 this year, according to information of the Bangladesh Securities and Exchange Commission (BSEC). The deadline for submitting IPO proposal with the financial statement of June closing has already ended.

As per existing rules, a company willing to raise capital from the capital market has to submit IPO proposal within 120 days from the year-end. The deadline for submitting IPO proposals for June closing ended on October 28. As a result, the companies willing to raise funds based on the financials of June-end has no scope of submitting IPO proposals. Preparation of submitting IPO proposals was also affected following the closure of offices for months after months.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-gets-lukewarm-response-from-companies-1604944837>

### **IPO subscription of Crystal Insurance opens today; Energypac Power Generation will commence on December 7**

- The initial public offering (IPO) subscription of Crystal Insurance begins today (Tuesday) aiming to raise BDT 160 million from the capital market. The IPO subscription for shares of the non-life insurer by the eligible investors through electronic subscription system under the fixed price method will be continued until 5:30pm on November 16, officials said. As per the stock market regulator approval, the company will issue 16 million ordinary shares at an offer price of BDT 10 each under the fixed price method.
- The proceeds from the IPO will be used for investment in FDR & Treasury bond, capital market and to meet the IPO related expenses. The non-life insurer's authorised capital is BDT 1.0 billion and pre-IPO paid-up capital is BDT 240 million. According to the financial statement ending June 30, 2019, the company's net asset value (NAV) per share was BDT 24.42, while earnings per share (EPS) were at BDT 2.92.
- The IPO subscription of Energypac Power Generation will commence on December 7, aiming to raise BDT 1.50 billion under the book-building method. The IPO subscription for shares of the power generation company will be continued until 5:30pm on December 13. The cut-off price of Energypac Power shares has been fixed at BDT 35 each through electronic bidding by eligible institutional investors held on September 21 to September 24. As per the regulatory approval, the company will raise BDT 1.50 billion by issuing a total of 40,293,566 ordinary shares to expand the LPG business and repay bank loans. The company's earnings per share (EPS) was BDT 3.13, the net asset value per share was BDT 45.15 (with revaluation reserve), while the value was BDT 30.20 (without revaluation reserve), according to the consolidated financial statement for the year ended on June 30, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-crystal-insurance-opens-today-1604945192>

### **Bangladesh Securities and Exchange Commission (BSEC) probes abnormal price hike of Associated Oxygen shares**

- The Bangladesh Securities and Exchange Commission (BSEC) on Monday formed a committee to investigate the abnormal rise in share prices of newly listed company Associated Oxygen Limited. The regulator formed the two-member committee headed by its director Sheikh Mahbubur Rahman. The body was asked to submit its report within 15 working days.
- Associated Oxygen made its debut on October 25 on the stock exchanges at BDT 10 a share. Share prices of the company shot up by the maximum limit allowed on the circuit breaker for 11 out of 12 trading sessions. There was no circuit breaker in place for the company on November 5 and its share prices soared by 28% on that day. The share prices of the company settled at BDT 60.7 each on Monday. BSEC officials said that the commission suspected share price manipulation. The BSEC on July 16 approved Associated Oxygen's proposal to raise BDT 150 million from the capital market through an initial public offering.

<https://www.newagebd.net/article/121190/bsec-probes-abnormal-price-hike-of-associated-oxygen-shares>  
<https://www.dhakatribune.com/business/stock/2020/11/09/associated-oxygen-s-unusual-price-hike-raises-bsec-s-suspicion>

### **IFAD Autos profit up in July-September**

- IFAD Autos, the sole distributor of Indian commercial vehicle giant Ashok Leyland, saw its profits soar 37.6% between July and September to BDT 1.72 billion as the reopening of the economy from June led to a sharp recovery in sales. During the period, the company logged in sales of BDT 1.88 billion, up 4.4% year-on-year. The significant rise of profit was due to higher sales volume after the countrywide shutdown was lifted, said the managing director of Ifad Autos.
- The company's share price has been on descent since January 9, 2019: before then, IFAD Autos shares were trading at upwards of BDT 100 and yesterday, it closed at BDT 42.6. IFAD Autos, which was listed in 2015, has recommended a total of 11% dividend 9.0% cash and 2.0% stock for the year ended on June 30. In the previous year, it gave 10% cash dividend.

<https://www.dhakatribune.com/business/stock/2020/11/09/another-sign-of-a-reviving-economy-ifad-autos-profit-up-in-jul-sep>

### **Pandemic haunts Envoy Textiles**

- Envoy Textiles, a leading textile exporter, saw its profit crash 76.8% year-on-year to BDT 22.0 million between July and September as the global coronavirus pandemic caused a whiplash to its business. The impact of the supply chain disruption was very acute, while the demand side was also vulnerable as people's income shrank across the globe said by the managing director of Envoy Textiles. The other reasons for the lower sales during the quarter include a lesser number of working days for Eid holidays and cancellation of deferral of work orders. However, the company announced a 5.0% cash dividend for the 2019-20 financial year, down from the 15.0% offered in the previous year.

- Bangladesh's apparel export between July and September stood at USD 8.1 billion, up 1.3% from a year earlier, according to data from the Export Promotion Bureau. But in October, garment exports were down 8% year-on-year at USD 2.3 billion.

<https://www.dhakatribune.com/business/2020/11/09/pandemic-haunts-envoy-textiles>

### Advent Pharma warned for breaching rules

- The Financial Reporting Council (FRC) has found that Advent Pharma breached regulations while appointing its external auditor for fiscal 2018-19. The company's board of directors appointed Ahmed Zaker & Co as the external auditor without a recommendation from its audit committee. The FRC issued a warning to Advent Pharma and instructed the animal healthcare product maker to avoid repeating its mistake, which was a breach of the corporate governance code.

- Previously, during the company's annual general meeting on December 6, 2018, Advent Pharma had appointed KM Hasan & Co as its chartered accountants for 2018-19. The company was listed with the country's bourses that year as well. According to a notice issued by FRC on October 20, Ahmed Zaker & Co signed in the financial report and so, the company had been asked to explain. In its response, the drug maker informed that KM Hasan & Co was appointed but the firm was unwilling to carry out the audit, citing 'unavoidable circumstances', before quitting. Therefore, the board of directors decided on March 24, 2019, to appoint Ahmed Zaker & Co as the external auditor, Advent Pharma said. This is a clear breach of the Corporate Governance Code-2018 as it appointed an auditor before getting a recommendation from the audit committee

<https://www.thedailystar.net/business/news/advent-pharma-warned-breaching-rules-1992265>

### World Stock and Commodities\*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 39.55	(USD 22.08)	-35.83%
Crude Oil (Brent)*	USD 42.40	(USD 26.04)	-38.05%
Gold Spot*	USD 1,872.38	USD 350.91	23.06%
DSEX	4,928.08	475.15	10.67%
S&P 500	3,550.50	319.72	9.90%
FTSE 100	6,186.29	(1,400.76)	-18.46%
BSE SENSEX	42,597.43	955.29	2.29%
KSE-100	40,784.04	48.96	0.12%
CSEALL	6,114.50	(14.71)	-0.24%

### Exchange Rates

USD 1 = BDT 84.77\*

GBP 1 = BDT 111.64\*

EUR 1 = BDT 100.15\*

INR 1 = BDT 1.15\*

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

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