

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.

Country's current account balance exceeds USD 3 billion in Jul-Aug

- The country's current account balance saw a surplus during the ongoing Covid-19 pandemic, reaching over USD 3 billion during the July-August period of the current fiscal year. The amount was only USD 204 million during the same period of the last fiscal year. According to the latest data of the central bank, during July and August of fiscal year 2020-21, the country's trade deficit narrowed by 66% to USD 698 million with a significant decrease in import payments. Trade deficit was USD 2.05 billion during the same period of the previous fiscal year 2019-20. Data shows that during the first two months of the current fiscal year, the country's import payment decreased by around 14%, while export earnings increased by 2.39%.
- A central bank official said remittance plays an important role in increasing foreign currency reserves, which then helps strengthen the forex market. During July-August, remittance grew by around 50% to USD 4.56 billion compared to the same period last year. Meanwhile, the country's private sector credit also grew and that had a positive impact on export growth, the Bangladesh Bank official said. In August, private sector credit increased by 9.36% year-on-year, while the growth was 9.20% in July.
- The executive director of the Policy Research Institute said that balance of payment is showing an unusual trend because of the changing international trade pattern during pandemic. So, it cannot clearly be said how the recent surplus of current account balance can help the country's international trade strengthen. But it is a good sign that there are some positive trends in foreign trade, such as the decreasing trade deficit.

<https://tbsnews.net/economy/countrys-current-account-balance-exceeds-3bn-jul-aug-138820>

<https://www.thedailystar.net/business/news/narrowing-trade-deficit-not-wholly-good-1969249>

<https://www.newagebd.net/article/117550/july-aug-trade-deficit-narrows-as-export-rebounds-import-falters>

Respite for borrowers until December this year

- The central bank has extended for three more months the suspension of rigid rules for classification of loans to help the businesses overcome the damaging effect of the Covid-19 pandemic. It issued a notice Monday asking all banks not to be harsh while classifying loans until December 31 next. The original deadline for the facility was due to expire on September 30 next. This is the second extension. The concession that came into effect for the first time on March 19 was made effective until June 30. But it was extended for another three months until September 30 to help the businesses battered by the pandemic.
- Besides, the repayment of all loan instalments has been deferred from January 01 to December 31, officials said. The central bank, however, said it will issue a new directive on the provisioning of such loans and advances for the period. The directive is expected to issue within October or November, the executive director of the BB added. The banks are allowed to provide interest rebate facility to the borrowers to encourage them to repay loans, the central banker said regarding the possible impact on cash flow for relaxation of such policies.
- A former chairman of the Association of Bankers, Bangladesh (ABB), welcomed the BB's latest move, saying it is necessary for revamping business activities across the country. Another BB official said, all types of borrowers will be benefited by the relaxation. He also said the banks will also not be allowed to impose any penal interest on such loans.

<https://today.thefinancialexpress.com.bd/first-page/respites-for-borrowers-until-dec-this-year-1601314648>

<https://www.thedailystar.net/business/news/another-breather-borrowers-1969229>

<https://www.newagebd.net/article/117552/borrowers-get-relief-in-repay-till-december>

<https://tbsnews.net/economy/banking/borrowers-not-be-labelled-defaulters-non-payment-till-december-bb-138793>

41 firms yet to comply with 30% shareholding rules

- Forty-one publicly listed companies have not yet ensured a 30% shareholding by their sponsors and directors as required by the stock market regulator. As per the securities regulator's directive, sponsors or promoters and directors must jointly hold a minimum 30% shares of the paid-up capital of a company all the time.
- The regulator came up with the order in the aftermath of the stock market crash in 2010. The move was aimed at making the directors responsible and loyal to small investors, as it was seen that many directors had sold off their shares right before the debacle. On July 29 this year, the new leadership of the securities regulator asked 44 listed companies to ensure that their sponsors and directors jointly hold at least 30% shares in their own companies within the next 60 days.

<https://tbsnews.net/economy/stock/41-firms-yet-comply-30-shareholding-rules-138862>

<https://www.dhakatribune.com/business/stock/2020/09/28/30-shareholding-rule-41-listed-companies-yet-to-comply>

Locally made LPG cylinders get a cut in VAT

- The revenue authority has reduced value added tax (VAT) on locally made cylinders for storing liquefied petroleum gas (LPG) in order to allow domestic manufacturers to better compete with imported cylinders and enable users to afford bottled gas. The VAT rate for locally-made LPG cylinders has been slashed to 5% from 15%, the National Board of Revenue (NBR) said in a notice issued at the end of last week. The benefit will remain effective until June 30, 2021, the NBR added.
- The move follows pleas from domestic manufacturers of LPG cylinders after the government imposed 15% VAT on local manufacturing from the beginning of fiscal 2020-21 in July. Until the last fiscal year, there was no VAT on locally made LPG cylinders. The chairman of the East Coast Group, which has an LPG cylinder production plant, said that imports became cheaper than local cylinders after the imposition of 15% VAT. Omera Cylinders is a concern of East Coast Group.
- Bangladesh has 11 companies producing LPG cylinders and their combined production capacity is 8.5 million units whereas the annual requirement is 6.5 million units, according to Chowdhury, also president of the LPG Operators Association of Bangladesh. In recent years, local manufacturing of LPG increased as more companies joined the fray to profit from the growing demand for bottled gas for cooking and small industries because of the fast-depleting reserves of natural gas, unavailability of firewood, rising income of consumers and rapid urbanisation. Bangladesh now annually uses 1 million tonnes of LPG.

<https://www.thedailystar.net/business/news/locally-made-lpg-cylinders-get-cut-vat-1969241>
<https://today.thefinancialexpress.com.bd/trade-market/vat-on-local-lpg-cylinder-cut-to-50pc-1601310824>
<https://www.newagebd.net/article/117554/nbr-cuts-vat-on-lpg-cylinder-production-to-5pc>

Energypac Power's cut-off price fixed at BDT 35 each

- The cut-off price of Energypac Power Generation Limited (EPGL) shares has been fixed at BDT 35 each through electronic bidding by eligible investors. As per the book building method, eligible investors took part in the price discovery of the shares by bidding for 72 hours - from 5:00pm on September 21 to 5:00pm on September 24. During this period, 239 institutional and eligible investors offered different prices to buy the company's shares. Among them, most bids were BDT 40 and BDT 25.
- The eligible investors will buy 50% or worth BDT 750 million shares at the cut-off price which has been set at BDT 35 each through electronic bidding, as per the book building method. The remaining 50% shares will be opened to the IPO participants, including general investors and non-resident Bangladeshis, at a 10% discount on the cut-off price, meaning the general investors will get IPO shares at BDT 31.50 each.

<https://today.thefinancialexpress.com.bd/stock-corporate/energypac-powers-cut-off-price-fixed-at-BDT-35-each-1601309840>
<https://www.newagebd.net/article/117532/energypac-shares-set-at-BDT-35>
<https://www.dhakatribune.com/business/stock/2020/09/28/cut-off-price-of-energypac-power-shares-set-at-BDT35>
<https://tbsnews.net/economy/stock/energypac-powers-cut-price-set-BDT35-138757>

Lub-rref IPO bidding begins October 12

- A 72-hour bidding process to fix the share price for the initial public offering (IPO) of Lub-rref (Bangladesh) Ltd will begin on October 12. The bidding – a requirement for going public under the book-building method – will take place between 5pm on October 12 and 5pm on October 15 on the Dhaka Stock Exchange, said the company secretary of the local lubricant manufacturer. The local lubricant manufacturer is due to use the BDT 1.50 billion IPO fund to install new machinery at its plant and repay some of its expensive bank loans.
- Currently, BNO Lubricants – a brand of the company – sells around 10,000 tonnes of lubricants annually for BDT 1.75 billion, said a company official. Bangladesh's lubricant market, with an average 5% growth, has now risen to an annual demand of 120,000 tonnes, and the annual turnover is around BDT 60 billion, the prospectus added. Currently, 60% of Lub-rref's lubricants are made of responsibly recycled lubricants, while the remaining 40% are made out of imported base oil – the key raw material for lubricant.

<https://tbsnews.net/economy/stock/lub-rref-ipo-bidding-begins-october-12-138784>

Lub-rreff aims to make Bangladesh 'self-reliant in lubricant production'

- Lub-rref, a local lubricant producer, is set to invest BDT 4.00 billion to establish the country's first state-of-the-art base oil refinery with an aim to meet the growing demand for lubricants from both home and abroad. Base oils are a raw material used to produce various lubricants, such as grease, motor oil and metal processing fluids. Of the total

investment, BDT 1.20 billion would come from equities and return earnings while the rest will be financed through foreign loans.

- Bangladesh consumes around 0.12 million tonnes of lubricants annually, of which 1.04 tonnes is met through imports while about 0.16 tonnes is produced locally, according to the company's data. Meanwhile, Lub-rref aims to export its products after meeting domestic needs in order to capture a greater share of the rising global demand, which is being driven by the growth of automotive production worldwide. The new project, being established right on the brink of the Karnaphuli river, will have an annual production capacity of about 70,000 tonnes.
- About 60% of BNO lubricant products are being used by the automotive sector while 35% is used by various industries, including power transformers, power plant factories and industrial generators. The remaining 5% is used by the marine sector for their engines, according to company data. Lub-rref's paid up capital was BDT 1.00 billion and its revenue rose 11.6% to BDT 1.53 billion in 2018-19.

<https://www.thedailystar.net/business/news/lub-rreff-aims-make-bangladesh-self-reliant-lubricant-production-1969237>

Intraco wants 6 more months to utilise IPO funds

- Publicly-held company Intraco Refueling Station Limited wants another six months to implement its initial public offering (IPO) project. The company is soon going to apply to the securities regulator for the time extension, according to a company official. Intraco, which is engaged in the fuel business through oil pumps, raised BDT 300 million from the stock market in 2018 in order to establish a bottling plant at Chattogram's Patenga. However, the company later changed the project and decided to purchase a newly-built liquefied petroleum gas (LPG) cylinder manufacturing factory located at Sadar Dokkhin in Cumilla. The company's IPO utilisation period expired on May 31 this year.
- Meanwhile, the company has also applied to the High Court, seeking permission for merging its five subsidiaries, including: Abbas & Elias Enterprises, East End Automobiles Ltd, M Hye & Co CNG Refueling Station Ltd, Good CNG Refueling Station Ltd, and Nessa & Sons Ltd. The merger will help Intraco avail a corporate tax waiver by 10%. And the subsidiaries will be able to float their shares on the stock market too.

<https://tbsnews.net/economy/stock/intraco-wants-6-more-months-utilise-ipo-funds-138754>

Digital submission of IPO proposals in the offing

- A specific time-frame of approving IPO proposals will be mentioned in a uniform law. Presently, a move is underway to bring the activities of the securities regulator and operations of the capital market under a single act and the specific time-frame will be mentioned in the new law to be enacted accommodating the Securities and Exchange Ordinance, 1969 and the Bangladesh Securities and Exchange Commission Act, 1993, a commissioner of the securities regulator said.
- Besides, the securities regulator is likely to introduce digital submission of IPO proposals so that the issuers can check the updates of their proposals online, he added. Meanwhile, the securities regulator has cleared backlogs of IPO (initial public offering) proposals, many of which remained pending for more than two years, to ensure timely approval of the IPOs in coming days.

<https://today.thefinancialexpress.com.bd/stock-corporate/digital-submission-of-ipo-proposals-in-the-offing-1601309687>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$40.34	(\$21.29)	-34.54%
Crude Oil (Brent)*	\$42.19	(\$26.25)	-38.35%
Gold Spot*	\$1,883.51	\$362.04	23.80%
DSEX	5,003.63	550.70	12.37%
S&P 500	3,351.60	120.82	3.74%
FTSE 100	5,927.93	(1,659.12)	-21.87%
BSE SENSEX	37,981.63	(3,660.51)	-8.79%
KSE-100	40,740.95	5.87	0.01%
CSEALL	6,028.20	(101.01)	-1.65%

Exchange Rates

USD 1 = BDT 84.83*

GBP 1 = BDT 108.93*

EUR 1 = BDT 99.00*

INR 1 = BDT 1.15*

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

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