

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.

Bangladesh Bank (BB) relaxes loan restructuring policy for NBFIs

- The central bank has relaxed its loan restructuring policy for non-banking financial institutions (NBFIs) to help the businesses overcome the adverse impact of the Covid-19 pandemic. Under the relaxations, the NBFIs are allowed to extend the tenure of term loans and leases by a maximum of 50% of the remaining time to maturity, instead of existing 25%, according to a notification issued by the Bangladesh Bank (BB) on Sunday.
- A BB senior official said that they've relaxed the policy to help businessmen offset the adverse impact of Covid-19 on their businesses. another BB official said the NBFIs are also empowered to extend such tenure of restructuring loans and leases without prior approval from the central bank. The Bangladesh Leasing and Finance Companies Association (BLFCA) welcomed the BB's latest move, saying that it will help the sector reduce the volume of non-performing loans in the near future.
- Earlier on June 21, the BB slashed cash reserve ratio (CRR) by 100 basis points to 1.5% from 2.5% for the NBFIs considering the Covid-19 pandemic. Such reduction of CRR also helped the NBFIs use more than BDT 3.0 billion as loanable funds to implement the government announced stimulus packages, according to officials.

<https://today.thefinancialexpress.com.bd/first-page/bb-relaxes-loan-restructuring-policy-for-nbfis-1596992287>
<https://tbsnews.net/economy/banking/loan-time-extension-facilities-nbfis-extended-117247>
<https://www.dhakatribune.com/business/banks/2020/08/09/bb-offers-term-loan-restructuring-facility-to-nbfis>
<https://www.newagebd.net/article/113076/nbfis-borrowers-to-get-more-time-for-loan-restructuring>

NRBs allowed to enjoy bank deposit products against remittance

- The Bangladesh Bank on Sunday issued guidelines, asking the country's scheduled banks to introduce deposit products in the taka for non-resident Bangladeshis with a view to encouraging the NRBs to save their money in the country. The central bank issued a circular in this regard on the day mentioning that the banks would be allowed to introduce deposit products for the NRBs along with facilitating them to operate non-resident taka account and foreign currency account. The initiative of the central bank came at a time when many expatriates were returning to the country after losing their jobs due to the economic woes in many of the job destinations of the country's migrants due to the global coronavirus outbreak.
- According to home affairs ministry data, 450,000 expatriates returned home before the restrictions on international travel were imposed while the migration from Bangladesh plunged in the first half of the year 2020. Allowing NRBs to open deposit accounts would also encourage the expatriates to send more money to the country. Amid dismal export earnings and slowdown in economic activities, inflow of remittance has brought some cheers for the country with the inflow hitting record USD 2.59 billion in July this year.

<https://www.newagebd.net/article/113081/nrbs-allowed-to-enjoy-bank-deposit-products-against-remittance>
<https://www.thedailystar.net/business/news/nrbs-can-now-park-their-funds-fdr-dps-1942565>

Associated Oxygen IPO subscription begins on September 10

- Associated Oxygen Limited has announced the dates for the subscription of its initial public offering (IPO). Investors can submit their applications to buy the shares of the company between September 10-16. The company received the letter of consent from the Bangladesh Securities and Exchange Commission on Thursday. Earlier, the regulator had approved the proposal of the IPO to raise BDT 150 million by issuing 15 million shares, with a face value of BDT 10.
- The company will spend the fund to build a warehouse, shed, buy new machinery, and repay bank loans and to meet up IPO costs and others. Its paid-up capital is BDT 600 million. BD Finance Capital Holdings Ltd is working as the issue manager of the company for its IPO process. Associated Oxygen Limited has been producing and supplying industrial gases, both in liquid and gaseous forms, for over the last three decades.
- The company currently has a capacity of 0.83 million cubic metre per month of oxygen/nitrogen gases and 9.93 million cubic metre per annum capacity of dissolved acetylene gas. Its manufacturing factory is located in Sitakunda of Chattogram.

<https://tbsnews.net/economy/stock/associated-oxygen-ipo-subscription-begins-september-10-117355>

Cotton imports tipped to return to pre-pandemic levels by year-end

- Cotton imports witnessed a slump for the first time in over a decade last fiscal year due to a fall in demand from local

mills amid a stunning drop in apparel work orders for the global coronavirus pandemic. In fiscal 2019-20, Bangladesh imported 7.1 million bales of cotton, down 13.4% from a year earlier, according to data from the Bangladesh Textile Mills Association (BTMA).

- When the nationwide lockdown eventually came to an end on May 30, most mills resumed operations with previous stocks of cotton rather than importing more despite the significant fall in price for the cellulose fibre at international markets. Cotton is now trading at between USD 0.62 to USD 0.64 per pound in the New York Futures markets, down from the previous range of USD 0.70 to USD 0.75 during pre-pandemic times. Almost all of Bangladesh's domestic demand for cotton is met through imports as local growers can only supply less than 3% of the country's annual demand.
- Most garment factories in Bangladesh are now running at 75% of their total production capacity and this indicates that work orders are coming back. The demand for various fabric materials could go even higher after September if the international retailers continue to source their products from Bangladesh at the current pace, he added.

<https://www.thedailystar.net/business/news/cotton-imports-tipped-return-pre-pandemic-levels-year-end-1942545>

Come November, there will be more than 5.5 million tonnes of surplus rice

- Bangladesh will have more than 5.5 million tonnes of surplus rice after meeting the domestic demand at the end of November, according to a study by the Bangladesh Rice Research Institute (BRRI) unveiled yesterday. The state agency sees no shortage of rice in the near future as aus harvest is ongoing and aman will hit the market in November-December. As the production of rice has increased, the country had 20 million tonnes of rice in stock until June, the BRRI said. The BRRI expects that aus rice production would not be less than 3 million tonnes though floods have damaged crops on 30,000 hectares.

- The findings come at the time when the food ministry is preparing to import the staple to keep the public stock intact. The present stock of 1.25 million tonnes of rice and wheat is set to exhaust by December owing to the government's food distribution and other social safety net programmes. The food ministry is mulling over importing the grain amid sluggish progress in the procurement of rice and paddy due to a lack of interest among millers and farmers to supply the cereal to public warehouses.

<https://www.thedailystar.net/business/news/come-november-there-will-be-more-55-lakh-tonnes-surplus-rice-1942525>

Pandemic derailed development works. Planning minister is buckling down to get it back on track

- The government has decided to prepare a roadmap to ensure full implementation of the annual development programme this fiscal year after development expenditure fell to a 27-year low in fiscal 2019-20. The ministries and divisions managed to spend BDT 1.62 trillion in fiscal 2019-20, which was 80.45% of the total allocation for the year. The development budget for this fiscal year is BDT 2.05 trillion, which is 6.3% more than last year's.
- Speaking about mega projects, the planning minister said the economy would receive a major boost once the priority projects are implemented. The construction of the projects such as the Padma bridge, Payra deepsea port and Karnaphuli river tunnel has been going on despite the pandemic, he said.

<https://www.thedailystar.net/business/news/pandemic-derailed-development-works-planning-minister-buckling-down-get-it-back-track-1942573>

Pragati Insurance's financial reports fall foul of watchdog rules

- After gross irregularities were detected in Pragati Insurance's financial statements for 2019, the Financial Reporting Council (FRC), the watchdog for financial reporting and auditing practices in Bangladesh, has decided to review the reports. Hoda Vasi Chowdhury & Company, the auditor of Pragatai Insurance, recently issued the auditor's report on financial statements and other issues in the annual report of the insurer that is listed with the Dhaka and Chattogram bourses.
- The auditor could not verify the accumulated liability for income tax charges for several years reported on 31 December 2019 at BDT 537.7 million in the absence of relevant information. The auditor could not verify if the company has made investments in designated instruments and in the manner prescribed by the Insurance Development and Regulatory Authority (IDRA). On the other hand, Pragati Insurance incurred management expenses including insurance commission in excess of the limit set by the IDRA. The correctness of the net book balance of fixed assets as of 31 December 2019 amounting BDT 2.29 billion could not be verified due to the absence of necessary records, the auditor said. The auditor found different types of reserves that the insurer created without any basis. Reserves for exceptional loss are being carried in the company's books since long and the amount now stands at BDT 935.3 million. The amount has been charged to the profit and loss account and accordingly tax benefits have been availed under the income tax ordinance.

<https://www.thedailystar.net/business/news/pragati-insurances-financial-reports-fall-foul-watchdog-rules-1942533>

SS Steel investment under BSEC's scanner

- SS Steel has now come under the scanner of the stock market regulator for its decision to invest around BDT 1.60 billion to acquire 99% of Saleh Steel Industries' stakes. On Sunday, the Bangladesh Securities and Exchange Commission (BSEC), in a letter, asked the listed company to provide information about Saleh Steel Industries Limited. It also sought a copy of Saleh Steel Industries' feasibility report prepared by an independent third party.
- The BSEC asked SS Steel to provide the details of all its directors – including independent ones – who were present at the board meeting, along with the meeting minutes. The stock market regulator also wanted to know about the share money deposits from its directors. Moreover, the company did not fully disclose the value of each share of Saleh Steel Industries Limited.

<https://tbsnews.net/economy/stock/ss-steel-investment-under-bsecs-scanner-117322>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$41.69	(\$19.94)	-32.35%
Crude Oil (Brent)*	\$44.79	(\$23.65)	-34.56%
Gold Spot*	\$2,028.72	\$507.25	33.34%
DSEX	4,545.15	92.22	2.07%
S&P 500	3,351.28	120.50	3.73%
FTSE 100	6,032.18	(1,554.87)	-20.49%
BSE SENSEX	38,040.57	(3,601.57)	-8.65%
KSE-100	40,029.69	(705.39)	-1.73%
CSEALL	5,176.48	(952.73)	-15.54%

Exchange Rates

USD 1 = BDT 84.72*

GBP 1 = BDT 110.71*

EUR 1 = BDT 99.89*

INR 1 = BDT 1.13*

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

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
----------------------	-------------------------------------	--	---------------

BRAC EPL Research www.bracepl.com

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142
 Gulshan Avenue, Dhaka – 1212
 Phone: + (880)-2-9852446-50
 Fax: + (880)-2-9852451-52
 E-Mail: research@bracepl.com