

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.

Money is cheaper than ever

- Now is the time as money has become cheaper than ever with the banks bursting at the seams with more money than they can use and they have no idea what to do with it as there are few takers. Just a year ago, the banking sector was in a chaotic state over the implementation of a single-digit interest rate amid liquidity pressure. The situation is now completely the reverse as all kinds of interest rates in the money market have tumbled to the lowest level, making money cheaper than ever before.
- A huge push of reserve money in the banking system by the Bangladesh Bank to handle liquidity crunch during the pandemic situation coupled with a large inflow of foreign currency and lack of demand for loans helped excess liquidity jump to a historic high of BDT 1.70 trillion in August this year. The banking sector saw its surplus funds increase by BDT 300.00 billion in a month from BDT 1.40 trillion in July. Against such a backdrop, banks which had been nervously indecisive to bring down the interest rate until 1 April, are now experiencing automatic corrections in all interest rates including lending, deposit, call money, inter-bank repo, and yields of government securities.
- All of the above interest rates, except for the lending rate, in the money market have come down to below 2% -- in some cases, below 1% -- now, which were above 8-9% a year ago. The lending rate is now below 9%, down from above 10% before April. Some banks are even offering loans at below 6% interest rates to large borrowers, according to Bangladesh Bank data.

<https://tbsnews.net/economy/banking/money-cheaper-ever-148189>

Europe's Covid second wave not to hurt RMG export soon

- Bangladesh's readymade garment business in the European Union, the largest export destination, is likely to remain unhurt at least till December this year even if the Covid-19 second wave has already taken a serious turn there, say experts. The pouring in of work orders for the next spring and summer, and enquiries for next winter are evidence that Bangladesh now knows how to deal with the pandemic, they say.
- The apparel makers have already made shipments of Christmas and winter orders to major buyers. The buyers are expected to begin their sales from mid-November, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Now both the government and entrepreneurs need to adopt strategies, given the new normal, to continue positive growth in the apparel export, which, of late, has made a turnaround from pandemic shocks, the research director at South Asian Network on Economic Modelling (Sanem) said.
- Apparel businesses need to enhance their efficiency in manufacturing goods and shipping those quickly with lead time now having been curtailed to 30-45 days from 60-90 days for a good number of items, she added. The government also has to ensure a quick release of imported raw materials, meant for the readymade garment industries, from ports, she pointed out. They have to open discussions with apparel buyers and retailers so that they do not cancel work orders or stop new placements all of a sudden. They need an assurance from them that they will continue it till next January at least, she added.

<https://tbsnews.net/economy/rmg/europes-covid-second-wave-not-hurt-rmg-export-soon-148195>

Bangladesh Bank (BB) asks for faster disbursement of SME loans

- The Bangladesh Bank has ordered financial institutions not to delay in providing collateral-free loans to small enterprises affected by Covid-19. It has also clarified the ownership complexity over setting up agro-product processing factories in peri-urban areas. To this end, the central bank's SME and Special Programmes Department issued a circular on Wednesday. In April this year, the central bank formed a BDT 100.00 billion refinancing scheme to provide assistance to the cottage, micro, small and medium enterprise (CMSME) sector hit by the pandemic.
- The government announced BDT 20,000 as stimulus loans for the SME sector, with half the amount coming from the central bank's refinancing scheme. But banks have been slow in disbursing the small loans, prompting the central bank to repeat its call for a faster disbursement. Small businesses so far received about BDT 58.82 billion from the stimulus package announced in April. However, referring to 80% small and medium enterprises in rural areas, the chief coordinator of Dhaka School of Economics said that loan assistance under the scheme should be released more in those areas.

<https://tbsnews.net/economy/bb-asks-faster-disbursement-sme-loans-148150>

Shariah-compliant bonds by December

- The government plans to issue Shariah-compliant bonds, commonly known as sukuk, from December as part of its effort to implement infrastructure projects smoothly. The Bangladesh Bank will act as a special purpose vehicle (SPV) for the issuance of the upcoming government securities to materialise the projects. The tenure of a single sukuk will be at least five years as the earnings from the tools will be dedicated to implementing the long-term projects. The central bank has formed a Shariah advisory committee led by its Executive Director to select the projects.

- The finance ministry issued guidelines on October 8 on the investment criteria of sukuk and the central bank yesterday informed banks and non-bank financial institutions about the development. A sukuk is an Islamic financial certificate, similar to a treasury bond, which complies with Shariah laws. Since the traditional interest-paying bond structure is not permissible under the Islamic law, the issuer of a sukuk essentially sells a certificate to a group of investors and then uses the proceeds to purchase an asset where the group has a direct partial ownership interest.

<https://www.thedailystar.net/business/news/shariah-compliant-bonds-dec-1982301>

Covid hits non-life insurers' earnings

- The overall gross earnings of the non-life insurance industry plunged by more than 20% in April-June period from that in the January-March period, 2020. The overall gross earnings of the non-life insurance industry plunged by more than 20% in April-June period from that in the January-March period, 2020. The premium of 46 non-life firms amounted to BDT 8.0 billion in the second quarter or Q2, down by 20.18% from Q1, according to official statistics.

- The miscellaneous and marine (cargo) risk coverage was the most impacted by the pandemic. The miscellaneous premium earnings dropped by 39%, marine (cargo) by 29%, marine (hull) by 14%, motor by 20% and fire by 8.0%. The worst-hit non-life firms, whose gross earnings fell by more than 50%, are: Standard Insurance, Bangladesh National Insurance, Paramount Insurance, Meghna Insurance and Prime Insurance. However, five non-life insurers posted positive growth in the period. They are: the Bangladesh General Insurance, Sikder Insurance, Eastland Insurance, Karnaphuli Insurance and Global Insurance.

<https://today.thefinancialexpress.com.bd/first-page/covid-hits-non-life-insurers-earnings-1603303970>

Dhaka Stock Exchange managing director resigns

- Managing Director of Dhaka Stock Exchange (DSE) has resigned from the premier bourse on health grounds. He, also a former managing director of the Investment Corporation of Bangladesh (ICB), joined the premier bourse on February 9 last. DSE Chairman said that he resigned on health grounds. DSE is not interested to appoint any retired person as our managing director, it will give priority to those having skills in management, finance and IT while appointing a new managing director, said the shareholder director.

<https://today.thefinancialexpress.com.bd/first-page/dse-managing-director-resigns-1603304357>

<https://www.dhakatribune.com/business/stock/2020/10/21/dse-board-accepts-md-s-resignation>

<https://www.thedailystar.net/business/news/dhaka-bourse-md-steps-down-1982285>

Power Grid Company to offload nearly 70 million shares

- The Power Development Board has got permission to offload about 70 million shares of Power Grid Company of Bangladesh (PGCB) Limited, a state-owned company listed on the stock exchange. The offloading accounts for 9.64% of the total shares owned by PGCB. The finance ministry gave the nod to the proposal of the Power Development Board on Tuesday. PGCB got listed on the stock exchange in 2006 when the company offloaded 15.36% of its shares. Power Grid Company Secretary said that they have yet to get the approval letter from the finance ministry. After offloading 9.64% of its shares, PGCB will have a further 75% stake. The shares will be sold at the current market price.

- The issue of offloading more shares of the existing companies came to the fore at the beginning of the current year in order to cut the capital market recession and revive confidence among the investors. At a meeting with the managing directors of 14 companies in power and energy sectors in February, Finance Minister suggested listing some companies on the stock exchange and offloading some more shares of a few listed companies. A number of state-owned companies have been listed on the capital market. The Ministry of Finance allowed only Power Grid Company to offload its shares.

<https://tbsnews.net/economy/stock/power-grid-company-offload-nearly-7-crore-shares-148186>

eGeneration IPO approved

- The securities regulator has approved the IPO (initial public offering) proposal of eGeneration which will raise a capital worth BDT 150 million from the capital market. eGeneration is one of the leading system integration and software solutions companies in Bangladesh with a vision to transform the country into an innovative high-tech nation, according to the company's official website. The securities regulator has also allowed Energyfac Power Generation to float IPO for general investors

- As per the BSEC approval, eGeneration will offload 15 million shares of BDT 10 each under fixed price method to raise a capital worth BDT 150 million. The company will utilise the IPO proceeds to purchase commercial space, repay loan along with conducting development work for digital health care platform and catering IPO expenses. 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/egeneration-ipo-approved-1603299315>
<https://www.dhakatribune.com/business/stock/2020/10/21/bsec-approves-ipos-of-energypac-egeneration>

AFC Health's Indian affiliates request BSEC to cancel its IPO approval

- India's Fortis Healthcare Limited (FHL) and Escorts Heart Institute and Research Centre Limited (EHIRC) recently urged the Bangladesh Securities and Exchange Commission (BSEC) to cancel AFC Health's Initial Public Offering (IPO) approval as they provided false information and misreporting about the Indian brands in their IPO prospectus. On September 16, the BSEC had approved the prospectus for IPO of AFC Health Limited to raise BDT170 million. Under the fixed price method, AFC Health will offload three core ordinary shares for BDT10 each. Imperial Capital Limited and CAPM Advisory Limited will act as the issue manager for the IPO process.

- As per AFC Health's IPO prospectus, an operation and management agreement were signed at New Delhi on February 4, 2015 between Fortis Healthcare Limited and AFC Health Limited. As per the agreement, Fortis would provide efficient and effective operation and management services, outsourcing and/or licensing any part of the cardiac centre for other ancillary purposes. FHL and EHIRC said in the letter that the agreement was supposed to cover Khulna and Chittagong regions only. They claimed that AFC Health had no right to operate any healthcare facilities using the Fortis brand at any other location. The Indian companies also said that AFC knowingly made and gave false statements, in breach of applicable law, thus misleading the commission.

<https://www.dhakatribune.com/business/stock/2020/10/21/afc-health-s-indian-affiliates-request-bsec-to-cancel-its-ipo-approval>
<https://www.thedailystar.net/business/news/fortis-accuses-afc-health-using-its-trade-name-without-consent-1982269>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$39.79	(\$21.84)	-35.44%
Crude Oil (Brent)*	\$41.55	(\$26.89)	-39.29%
Gold Spot*	\$1,917.57	\$396.10	26.03%
DSEX	4,916.85	463.92	10.42%
S&P 500	3,435.56	204.78	6.34%
FTSE 100	5,776.50	(1,810.55)	-23.86%
BSE SENSEX	40,707.31	(934.83)	-2.24%
KSE-100	41,535.92	800.84	1.97%
CSEALL	5,684.67	(444.54)	-7.25%

Exchange Rates

USD 1 = BDT 84.72*
 GBP 1 = BDT 111.28*
 EUR 1 = BDT 100.36*
 INR 1 = BDT 1.15*

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

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