

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.

WB to lend REB USD 515m

- The World Bank (WB) will supply over half a billion US dollar to the Rural Electrification Board (REB) to upgrade distribution systems in two divisions. It has recently done negotiations with the Economic Relations Division (ERD) for a USD 515-million loan disbursement for the REB, official said on Saturday. The loan will be provided from the Scale-up Facility (SUF) fund of the WB, a costly window of the lender, government officials said. "We've completed negotiations with the REB in late last month. Now, a deal will be signed for the confirmation of the loan," a senior ERD official told the FE.
- Distribution systems would be upgraded through strengthening the electricity network and setting up substations adopting climate resilience in Dhaka and Mymensingh divisions, he said. The rural electrification body will also work to expand the solar power energy to the remote villages, according to the official. Since the REB's electrification system is a government service with financial and economic returns, another ERD official says, they are going to borrow the SUF loan with costly provisions. Currently, Bangladesh borrows from the WB's concessional wing, IDA, which charges an interest rate of 2.0 % with 30-year maturity.

<https://today.thefinancialexpress.com.bd/last-page/wb-to-lend-reb-515m-1638638708>

Govt to set up treatment plants to boost agro exports

- The government is planning to set up two vapour heat treatment (VHT) plants to safely process fresh mango and vegetables per annum – a move aimed at increasing export agricultural products and finding an entry into countries, including Russia and Japan, that currently do not allow their imports from Bangladesh. According to BADC officials, a demand for Bangladeshi mangoes was created in different countries during last mango season, but they could not as the mandatory standard processing method for exporting such products to those countries is not practiced here. They added that the proposed VHT plants would help to overcome the limitations.
- Officials concerned told The Business Standard that the two proposed VHT plants – to be built at an estimated cost of Tk50 crore – will have a cumulative capacity to process 10,000 tonnes of mangoes and 25,000 tonnes of vegetables per year by removing fungus, bacteria and insects in a chemical-free way. According to the Ministry of Agriculture, Bangladesh exported 1,700 tonnes of untreated mango this season. The country also exported vegetables worth USD 119 million in FY21.

<https://www.tbsnews.net/bangladesh/infrastructure/govt-set-treatment-plants-boost-agro-exports-338368>

BGMEA partners with BRAC

- The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) signed a memorandum of understanding (MoU) with the BRAC Social Compliance Programme Saturday to prevent garment workers from workplace harassment and gender-based violence. The MoU aims to improve the awareness of factory managers and workers about preventing, reporting and taking actions against workplace harassment and gender-based violence, reports UNB.
- BGMEA and BRAC will work together in ensuring a safe and healthy work environment for the workers in garment factories. Faruque Hassan, president of BGMEA, and AFM Shahidur Rahman, director of programme development for resource mobilization and learning at BRAC, signed the agreement. Miran Ali, vice-president of BGMEA, SK Jeneba Jabbar, director of social compliance and safeguarding at BRAC, were also present.

<https://www.tbsnews.net/economy/govt-offer-more-incentives-foreign-investment-energy-transport-336505>

Over 58% marginal, ultra-poor see notable decline in income

- More than 58 % marginal and ultra-poor in the country witnessed a notable decline in their income due to the Covid-19 pandemic that forced many of them to eat even one meal a day instead of three, a World Vision study revealed. The study, which was disclosed recently, said the number of households eating three meals a day fell from 98 % to 70 % with the advent of Covid-19. "Some families were even forced to survive on one meal a day," according to the study, titled 'Market and Sub-Sector Assessment'.
- World Vision Bangladesh conducted the research work among 443 households belonging to marginal and ultra-poor families in 39 places under 19 districts, including the plain, Barind, coastal and haor regions, between February and March 2021. It said children of 28.4 % of the interviewed households were found to be suffering from various health problems due to significant reductions in consumption spending. Arunava Saha, deputy director of integrated technical programme at the World Vision Bangladesh, told the FE that the research opted for determining key market system dynamics to focus through livelihood technical programmes as well as for identifying potential sub-sectors for marginal poor and livelihood options for the ultra-poor community.

<https://today.thefinancialexpress.com.bd/last-page/over-58pc-marginal-ultra-poor-see-notable-decline-in-income-1638638657>

Poor recovery from default loans new headache for banks

- The recovery from default loans has failed to keep pace with escalating delinquent assets in Bangladesh, hitting banks' income and cash flow. During 9MCY21, banks retrieved BDT 4,195 crore from their non-performing loans, which was BDT 3,751 crore during the same period a year ago. Banks recouped BDT 5,802 crore from their combined NPLs in 2020 in contrast to BDT 15,466 crore the year before. Up until Sep'21, the NPLs stood at BDT 101,150 crore, an increase of 7.1% year-on-year.
- Managing director of Dhaka Bank blamed business slowdown deriving from the pandemic for the adverse impact on the cash recovery. He alleged that a good number of businesses are showing reluctance to pay back loans despite a comfortable cash flow thanks to the business revival. He added that failing to recover sufficient cash from default loans chiefly hits the banks' income, forcing them to keep more provisions. He also mentioned that the bank has decided to take strict actions from January against the defaulters who will not pay back their loans by December.
- Managing director of Mutual Trust Bank said that the lower recovery had forced banks to raise lending rates and squeezed their capacity to reinvest. Managing director of Dutch-Bangla Bank said that banks were now giving more attention to recover the unclassified loans than that of classified ones. A BB official said that some defaulters had frequently secured stay orders from courts to show their default loans as unclassified assets. He added that many delinquent borrowers also have their NPLs rescheduled by making down payment, albeit at insignificant amount, with approval from the central bank. These have made the issue more complex for banks to realise bad loans, he added.

<https://www.thedailystar.net/business/economy/banks/news/poor-recovery-default-loans-new-headache-banks-2909936>

Costly yarn turns more orders into more liabilities for apparel exporters

- With export orders secured three to six months ago, Bangladeshi apparel exporters now struggle to log even the break-even costs thanks to recent price hikes of cotton yarn - used for making T-shirts to jeans. "While receiving the orders in July-August, it was beyond our wildest imagination that the yarn price would spiral this much" Shahidullah Azim, vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told The Business Standard Saturday.
- He said pricier yarns would push many of the apparel-makers to losses as the export orders would eventually turn out to be bank liabilities. Bangladesh imports cotton mainly from Africa, India, the US, Australia and Uzbekistan. With the raw material, local spinners produce yarns and sell the products to the local apparel makers and textile-makers.

<https://www.tbsnews.net/economy/rmg/costly-yarn-turns-more-orders-more-liabilities-apparel-exporters-338782>

SME platform unable to attract investors

- The SME platform at the Dhaka Stock Exchange (DSE) has so far been unable to attract investors in terms of share trading of its listed firms. Five firms on the platform are trading their shares below face value. Market insiders expect, trading at the platform will increase only after investors take it as a good opportunity. However, entrepreneurs think that the board is not vibrant now because of lack of proper information. Investors do not know the businesses, accounts, products' future, and management properly.
- Professor Abu Ahmed, a capital market analyst, said there is no reason an eligible investor will invest in the SME platform as it does not have a good listing of companies. Moreover, the platform is not functional in the stock exchange. Some companies, that have been listed, fail to comply in an initial public offering (IPO), he added. He said the regulator imposed restrictions for general investors regarding trading that reduce the trading volume of the board.

<https://www.tbsnews.net/economy/stocks/sme-platform-unable-attract-investors-338743>

Envoy Textiles to raise BDT 87cr

- The money raised will finance an upcoming project expansion programme and to repay a portion of high-cost borrowing Envoy Textile Limited – a 100% export-oriented denim manufacturing company – has decided to issue 8.7 crore preference shares at a face value of BDT 10. The company expects to raise BDT 87 crore through this, with the money raised going to finance an upcoming project expansion programme for the production of blended yarn and to repay a portion of high-cost borrowing.
- The company decided to issue the preference shares on Saturday during its board of directors meeting. The decision is now subject to the approval of the general member's meeting, and consent from the Bangladesh Securities and Exchange Commission (BSEC). Preference shares are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued.

<https://www.tbsnews.net/economy/rmg/envoy-textiles-raise-tk87cr-338749>

Stock market key player in the power sector development

- The stock market has played a major role in the country's power sector development as it provided a huge amount of equity capital to the private sector power producers over the last decade, according to a recent review of the power sector by the EBL Securities Research. Also, the sector has consistently generated an above-average annual return for the shareholders even during the decade-long stock market depression, said the top-tier brokerage firm's analysts.
- Mohammad Asrarul Haque, power sector analyst of EBL Securities told The Business Standard, "The story of mutual benefitting has paved the way for a greater role of the capital market in the country's even bigger upcoming investments for the needed economic infrastructure by the next two decades." As the government a decade ago prioritized power generation to meet the immediate need of the growth-hungry economy, the country's power generation capacity quadrupled to over 22,000 MW, excluding the off-grid solar and captive capacities.

<https://www.tbsnews.net/economy/stock-market-key-player-power-sector-development-338764>

Brokerage firms' own OMS to expand stock market

- The country's stock market will be expanded through introduction of brokerage firms' own OMS (order management system) and trading of bonds. The chairman of Bangladesh Securities and Exchange Commission (BSEC) Prof. Shibli Rubayat UI Islam said this on Thursday at a ceremony of distributing FIX (financial information exchange) certification for installing OMS by two leading brokerage firms. The FIX Certification is the fourth stage of introducing OMS and

this certification is awarded as a confirmation of having adequate knowledge on OMS by the brokerage firms.

- "The quality of customer services will be enhanced if all brokerage firms introduce their own OMS gradually through API (Application Programming Interface) connection," Mr. Islam said. Mr. Islam said the further expansion of the stock market is very urgent and it will be ensured by accelerating customer service and introducing trading of bonds. "The market will be expanded following the trading of bonds and turnover value will be increased gradually," said the BSEC chairman Mr. Islam. Presently, the brokerage firms are dependent on a single OMS earlier installed in DSE by the Nasdaq. The BSEC chairman Prof. Islam said the introduction of the brokerage firms' own OMS will reduce pressure on the OMS of the stock exchange.

<https://today.thefinancialexpress.com.bd/stock-corporate/brokerage-firms-own-oms-to-expand-stock-market-1638629722>

IFAD Autos to invest BDT 31.81m

- IFAD Autos will invest BDT 31.81 million for the company's future expansion of business. The company's board of directors has approved the proposal of business expansion, according to a disclosure posted on the website of Dhaka Stock Exchange (DSE). As per the board's approval, IFAD Autos will purchase a land measuring area of 199 decimals situated in Jessore. Total cost of purchasing land will be BDT 31.81 million including registration, land and building development cost.
- "This land will be used for the future expansion of the business of the company," said the disclosure of IFAD Autos. IFAD Autos, presently an 'A' category company, was listed on stock exchanges in 2015. The company's sponsor-directors hold 54.87% shares, institutes 26.92 %, foreigners 0.08 % and general shareholders 18.13 % as on October 31, 2021. The company's share price closed at BDT 48.90 each on Thursday with a rise of 2.73 % or BDT 1.30 on the DSE.

<https://today.thefinancialexpress.com.bd/stock-corporate/ifad-autos-to-invest-tk-3181m-1638630000>

City Bank launches Shariah-based banking City Islamic

- City Bank on Saturday launched its redesigned Shariah-based Islamic banking service, City Islamic. From now on, City Bank customers will be able to avail Islamic banking services offered under Shariah law in addition to conventional banking at its over 150 branches, sub-branches, Citygem and SME centres across the country. Customers will also be able to avail Islamic banking services through City Bank's digital banking app 'Citytouch'.

<https://www.newagebd.net/article/156481/city-bank-launches-shariah-based-banking-city-islamic>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 66.26	USD 17.74	36.56%
Crude Oil (Brent)*	USD 69.88	USD 18.08	34.90%
Gold Spot*	USD 1,783.90	(USD 111.20)	-5.87%
DSEX	6,936.20	1,534.13	28.40%
S&P 500	4,538.43	782.36	20.83%
FTSE 100	7,122.32	661.80	10.24%
BSE SENSEX	57,696.46	9,945.13	20.83%
KSE-100	43,232.83	-522.55	-1.19%
CSEALL	10,988.32	4,214.10	62.21%

Exchange Rates**1 US Dollar = 85.72 BDT****1 GBP = 113.43 BDT****1 Euro = 96.98 BDT****1 INR = 1.14 BDT**

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 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

Salim Afzal Shawon, CFA	Head of Research	salim@bracepl.com	01708 805 221
Nazmus Saadat, CFA	Research Analyst	nazmus.saadat@bracepl.com	01708 805 229
Anika Mafiz	Research Analyst	anika.mafiz@bracepl.com	01708 805 206
Fahim Hassan	Research Associate	fahim.hassan@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	CEO	bappi@bracepl.com	01730 357 991
----------------------	-----	--	---------------

BRAC EPL Stock Brokerage Limited

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