

*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.*

### **November import costs go up**

- The country's spending on imports increased slightly in November, lifted by an uptrend in petroleum prices in the international market. The coronavirus vaccines rollout in the United States and the United Kingdom has also pushed up the oil prices in the international market, officials said. The opening of letters of credit (L/Cs), generally known as import orders, grew by nearly 8.0% to USD 4.13 billion in November 2020 from USD 3.83 billion a month ago, according to the central bank's latest data. Similarly, the settlement of L/Cs, generally known as actual import, in terms of value, increased by more than 9.0% to USD 3.64 billion in November from USD 3.34 billion in the previous month.
- Bangladesh Petroleum Corporation (BPC) official said the prices of crude fuel oil increased by USD 3.0 to USD 4.0 a barrel over a month and was quoted at USD 45 November. The uptrend has been continuing as Covid-19 vaccination is in progress in the USA and the UK. The per barrel Brent crude was quoted at USD 55 barrel on December 17 last. Meanwhile, the US investment bank and financial service company, Goldman Sachs, expects Brent crude oil to reach USD 65 a barrel next year following the release of an effective Covid-19 vaccine and a limited increase in supply from OPEC. government's budget expenditure will go up further if the rising trend in oil prices in the international market continues, said Bangladesh Banks senior official.

<https://today.thefinancialexpress.com.bd/first-page/nov-import-costs-go-up-1608484355>

### **Banks' lending growth slows down**

- Lending growth failed to keep pace with the deposit growth in banks in September, putting lenders in an uncomfortable situation as they cannot make the most of cheap funds because of depressed demand from borrowers. Loans and advances stood at BDT 10.65 trillion as of September, up 9.56% from a year ago, central bank data showed. Year-on-year lending growth was 8.95% in June this year and 10.95% in December last year. Fund disbursement from the stimulus packages unveiled by the government in response to the pandemic-induced economic slowdown helped the credit growth pick up slightly despite a lower demand from the private sector.
- But the lending growth is not satisfactory at all given the deposits held by banks. Deposits at banks rose 12.39% year-on-year to BDT 13.45 trillion in September although the weighted average interest rate on deposits fell to 4.73%, the lowest in a decade. The deposit growth stood at 10.49% in June and 12.32% in December last year. This means banks will incur a loss in the coming days if the deposit growth continues to run higher than the lending growth. The difference between deposit and credit growths was also exposed by the latest data on advance (loan) and deposit ratio (ADR) calculated by banks.

<https://www.thedailystar.net/business/news/banks-lending-growth-slows-down-2014769>

### **Sharp cut in lending rate under foreign direct investment promotion project (FDIPP)**

- The central bank has slashed significantly the interest rate on loans under foreign direct investment promotion project (FDIPP) to facilitate Japanese investment in Bangladesh. The interest rate on such loans has been re-fixed at maximum 5.0% instead of 7.0% earlier, according to a notification issued by the Bangladesh Bank (BB) on Sunday. The spread or margin for the participating financial institutions (PFIs) of such loans has also been brought down to maximum 3.50% from 4.0% earlier. Besides, the PFIs will get funds under the FDIPP from the central bank at 1.50% instead of 3.0% previously, it added.
- The government and Japan International Cooperation Agency (JICA) had signed a loan agreement worth around BDT 5.60 billion to provide the central bank a two-step loan fund to promote Japanese investment in Bangladesh, officials said. Under the two-step loan fund, the PFIs are providing refinance or pre-finance to the Japanese-invested enterprises and Bangladeshi enterprises in business relationships with Japanese enterprises for supporting their operations mainly in the manufacturing sector for short to long-term duration.

<https://today.thefinancialexpress.com.bd/last-page/sharp-cut-in-lending-rate-under-fdipp-1608483196>

<https://tbsnews.net/economy/banking/lending-rate-revised-down-japan-bangladesh-partnership-businesses-174142>

<https://www.thedailystar.net/business/news/interest-relief-japanese-investors-2014749>

### **Readymade garment (RMG) factories return to cash payment**

- The country's readymade garment (RMG) factories are shifting to cash payments from digital wage disbursement, despite higher benefits of digitisation, according to a new survey. Factories had not completely replaced cash payments with digital transfer as they were not fully aware of the benefits of digitisation, it said explaining the reasons. The other reasons included workers' unwillingness to receive wage digitally due to its high transaction costs, their

insufficient knowledge about mobile financial and banking services. By September 2020, only 40% of Not Brand-Facing factories and 73% of Brand-Facing factories were paying workers digitally.

- South Asian Network of Economic Modeling (SANEM) disclosed the findings on Sunday after its analysis of monthly data collected during April-October to study the "Factory Wage digitisation Trends" in Bangladesh. The government's stimulus package given to pay four months' workers' wages beginning from April stimulated the digitisation process in factories. It found a massive shift towards paying workers digitally in May, followed by a slow decline in the share of digital payments in the subsequent months. However, there was a considerable difference in the behaviour of factories on an individual level: some were digitised before May, some digitised temporarily while others never digitised.

<https://today.thefinancialexpress.com.bd/last-page/rmg-factories-return-to-cash-payment-1608483355>  
<https://www.thedailystar.net/business/news/garment-factories-reverting-cash-wage-payment-study-2014757>

### **No VAS for Robi, Banglalink subscribers until further notice**

- The Bangladesh Telecommunication Regulatory Commission (BTRC) has asked mobile operators Robi and Banglalink to stop their telecommunication value-added services (TVAS) from today until further notice after an investigation found the two operators were charging the subscribers for the service without their permission. Save for voice calls, text messages and data, all other services are considered as TVAS. The two operators were asked to stop the unlawful practice before but they did not pay heed, prompting the telecom regulator to take the drastic step.
- If the operators fail to obey the instruction, the commission will impose a fine on them or take even sterner action as per the BTRC rules, vice-chairman of the BTRC told yesterday. vice-chairman of the BTRC told Dhaka Tribune yesterday. Meanwhile, the investigation by the enforcement and inspection directorate of the Bangladesh Telecommunication Regulatory Commission (BTRC) between September 4 and November 15 found Robi and Banglalink have illegally transacted about BDT144 million to BNG Advancement Software Solutions, a TVAS provider.
- BNG Advancement Software Solutions got the registration on September 29, 2019, but Robi signed the agreement on January 1, 2019. BNG Advancement Software Solutions is a joint venture company owned by to Indian nationals Rahul Gupta (35%) and Kartik Sangkar(35%)and a Bangladeshi national Farhad Hossain (30%).

<https://www.dhakatribune.com/business/2020/12/21/robi-banglalink-orders-to-stop-all-vas-from-today>

### **Crystal Insurance makes debut today**

- Crystal Insurance Company will make its shares trading debut today (Monday) on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange under the 'N' category. The DSE trading code for Crystal Insurance is "CRYSTALINS" and company code is 25749 while the CSE scrip ID is 11041 and scrip code is "CRYSTALINS", according to separate disclosures on Sunday. The Crystal Insurance will be the 49th listed insurance company on the DSE under the insurance sector.
- The insurer issued 16 million ordinary shares with 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. As per un-audited financial statements for the period from July 2020 to September 2020 (three months), the company's net profit after tax was BDT 23.15 million, pre-IPO earnings per share (EPS) was BDT 0.96 and post-IPO EPS was BDT 0.58. The net asset value (NAV) per share was BDT. 25.79 as on September 30, 2020.

<https://today.thefinancialexpress.com.bd/stock-corporate/crystal-insurance-makes-debut-today-1608476910>  
<https://www.dhakatribune.com/business/stock/2020/12/21/crystal-insurance-makes-its-debut-at-bourse-today>  
<https://tbsnews.net/economy/stock/crystal-insurance-make-share-trading-debut-monday-174202>

### **Robi shares in investors' accounts**

- Primary shares of Robi Axiata Limited are already in the Beneficiary Owner (BO) accounts of investors, said the Central Depository Bangladesh Ltd. Earlier on 10 December, a lottery draw to select applicant investors for awarding the company's primary shares was held at a city hotel. Out of 12.8 lakh interested individual investors, 4.65 lakh were selected as winners of the Initial Public Offering (IPO) lottery. Robi is now set to debut on the stock market through the largest ever IPO in the country's history.
- The company sold primary shares at a face value of BDT 10 each to raise BDT 5.24 billion through the IPO. BDT 3.88 billion was taken from external investors and BDT 1.36 billion from its own employees under the Employee Stock Purchase Plan (ESPP). Of the offer to the external investors, 40% or BDT 1.55 billion is being collected from eligible institutional investors, where the company received ten times the response than it needed. Around 130,000 new BO accounts were opened in November ahead of the IPO subscription of Robi.

<https://tbsnews.net/economy/stock/robi-shares-investors-accounts-174217>

### **Ifad Auto, Silva Pharma directors to sell shares**

- Five sponsor-directors of two publicly traded companies, Ifad Autos and Silva Pharmaceuticals, expressed their intent to sell shares of the companies. Iftekhar Ahmed Tipu, a sponsor director and chairman of Ifad Group, has decided to sell 20 million out of his 82.8 million shares at prevailing market price in the block market, said a company disclosure yesterday. Another disclosure said that Al Amin Agro Fisheries Complex, one of the placement holders of Silva Pharmaceuticals, intended to sell 2.5 million shares at prevailing market price as well.
- Sajeda Mirza, Anwar Mirza, Abdur Rahman Shibli Mirza and Abdur Rahman Hassan Mirza, all sponsor directors of Al Amin Agro Fisheries Complex, are also sponsors of Silva Pharmaceuticals. The directors' shares will be sold within the next 30 working days, the disclosure also said.

<https://www.dhakatribune.com/business/stock/2020/12/21/ifad-auto-silva-pharma-directors-to-sell-their-shares>  
<https://tbsnews.net/economy/stock/ifad-autos-chairman-sell-2-crore-shares-174229>

### **National Polymer's rights issue begins Jan 24**

- The subscription for National Polymer's BDT 547 million rights share issue is set to begin on January 24. It will continue until February 8, while the record date for entitlement is January 7, as per an official disclosure made yesterday. Earlier on December 15, the Bangladesh Securities and Exchange Commission (BSEC) approved National Polymer's rights offering application. National Polymer intends to float 36 million shares at BDT 15 each with a premium of BDT 5 for production capacity expansion and bank loan repayment. The pipe manufacturer got listed with the bourses in 1993. The fund-raising method can be a double-edged sword for shareholders.

<https://www.dhakatribune.com/business/stock/2020/12/21/national-polymer-s-rights-issue-begins-jan24>

### **Central Pharma provides vague information to shareholders: Auditor**

- Central Pharmaceuticals Ltd did not provide proper information to its shareholders in the financial statement for the fiscal year 2019-20, said its auditor recently. As a result, the general investors could be misguided in making decisions regarding buying its shares, said some brokerage house officials. The auditor of the company said in the financial statement, the company has written off an inventory of BDT 480 million, but they did not provide supporting documents regarding the matter. The auditor said the company claimed to have destroyed the inventory but did not provide any evidence of destruction. Also, the auditor was not informed before any such destruction done by the company. The value of inventory destroyed was charged in the cost of goods sold.
- In the auditor's qualified opinion, they observed that the volume of inventories was high compared to the purchase, production capacity, cost of goods sold and turnover of the company as a whole and had been increasing year to year. The auditor further said the management of the company has written off trade receivables of BDT 580 million but not provided supporting documents for it. That is why the company incurred losses of BDT 1.11 billion in the last fiscal year, according to the auditor.

<https://tbsnews.net/economy/stock/central-pharma-provides-vague-information-shareholders-auditor-174223>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$48.15	(\$13.48)	-21.87%
Crude Oil (Brent)*	\$51.26	(\$17.18)	-25.10%
Gold Spot*	\$1,896.30	\$374.83	24.64%
DSEX	5,074.59	621.66	13.96%
S&P 500	3,709.41	478.63	14.81%
FTSE 100	6,529.18	(1,057.87)	-13.94%
BSE SENSEX	46,960.69	5,318.55	12.77%
KSE-100	43,740.55	3,005.47	7.38%
CSEALL	6,616.95	487.74	7.96%

**Exchange Rates**

**USD 1 = BDT 84.74\***

**GBP 1 = BDT 113.61\***

**EUR 1 = BDT 103.59\***

**INR 1 = BDT 1.15\***

*\*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	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	CEO (Acting)	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	--------------	----------------------------------------------------------	---------------

#### BRAC EPL Research [www.bracepl.com](http://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](mailto:research@bracepl.com)