

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.

Government domestic borrowing dips 61.0% in first quarter

- The government's tendency to borrow from internal sources for the budget implementation has decreased drastically. In the first quarter of the current fiscal year, the government has borrowed about one-third of the amount it borrowed in the corresponding a year ago. The Bangladesh Bank's monthly report titled "Government's Domestic Borrowing" published on Wednesday revealed this information. The report prepared on the July-September data states that the government has borrowed BDT 128.7 billion from banks and the non-bank sectors, down from BDT 333.1 billion year-on-year. The government has set a target to borrow around BDT 1.1 trillion from domestic sources in the current financial year.
- During the July-September period of this fiscal year, the National Board of Revenue (NBR) collected tax amounting to about BDT 500.0 billion. The revenue collection target set for the current fiscal year is BDT 3.3 trillion. The ADP implementation rate during the same period was over 8.0%, same as the proportion observed in the same period in the previous year. The government usually borrows the highest amount from banks. It has set a target to borrow around BDT 850.0 billion from the sector in fiscal year 2020-21. However, the government did not take any loan from banks in the first three months ((July-September) of the fiscal. Instead, it repaid BDT 10.5 billion from previous loans. In the period last year, the government's bank borrowing amounted to BDT 276.0 billion.

<https://tbsnews.net/economy/govt-domestic-borrowing-dips-61-first-quarter-163054>

Forex reserve crosses USD 41.0 billion

- Bangladesh's foreign exchange (forex) reserve crossed USD 41.0 billion-mark on Wednesday due to lower import payment obligations and higher growth of inward remittance, officials said. It rose to USD 41.1 billion on the day from USD 40.99 billion of the previous working day, according to the central bank's latest data. The reserve was USD 41.0 billion on October 29 last.
- According to a senior official of the Bangladesh Bank (BB), the country's forex reserve has crossed the mark again following lower import payment pressure and higher inflow of remittance in the recent months. USD from the commercial banks directly has contributed to achieve the record reserve. Foreign loans and assistance have also helped push up the reserve, he added.

<https://today.thefinancialexpress.com.bd/first-page/forex-reserve-crosses-41b-1606327715>

<https://tbsnews.net/bangladesh/forex-reserves-cross-41-billion-again-163045>

Dictated credit, lack of data on bad borrowers blamed

- Bankers and academicians have cited overfinancing, dictated credit, lack of sufficient information and database of bad borrowers as key reasons for rising non-performing loan (NPL) in Bangladesh. Bad choice of clients, unfavorable legal system for banks and a lack of strong credit rating system are among other reasons behind growing NPL. Banks should have a right to reward and punish good and bad borrowers by imposing different rate of interest instead of capping 9.0% for all borrowers.
- According to the deputy governor of Bangladesh Bank (BB), the legal system is not favorable to recover money from a bad loan. BB executive director said bankers are not much interested in providing loans to small businesses. There are many defaulters who are bankrupt not for their inability to repay, but for their unwillingness, he added. Mutual Trust Bank managing director (MD) and CEO said the NPL situation in the banking sector has worsened in the past four to five years. NPL was good in the 2000s, 9.5% NPL is not good at all. There is no reason to be satisfied that NPL is good in Bangladesh among SAARC countries, he further added.

<https://today.thefinancialexpress.com.bd/last-page/dictated-credit-lack-of-data-on-bad-borrowers-blamed-1606327840>

<https://www.thedailystar.net/business/news/higher-gdp-growth-fails-translate-lower-npl-bibm-2001217>

<https://www.newagebd.net/article/122598/banks-defaulted-loan-situation-to-worsen-in-2021-bibm>

Government weighs possibility of joining Regional Comprehensive Economic Partnership (RCEP)

- Bangladesh's inclusion in the Regional Comprehensive Economic Partnership (RCEP) and the Association of Southeast Asian Nations (ASEAN) would be an uphill task, given the high tariff gap between Dhaka and the members of the two initiatives, an official says. Bangladesh's average tariff is 14.8%, which has to be lowered to an average of 1.0% to 2.0% if it wishes to sign a free trade agreement (FTA) with ASEAN member states, officials said.
- The Bangladesh Trade and Tariff Commission (BTTTC) conducted a feasibility study recently on the possibility of signing an FTA with ASEAN member states. The average tariff rate of Brunei is 0.2%, Cambodia 11.1%, Indonesia

8.1%, Laos 8.5%, Malaysia 5.6%, Myanmar 6.5%, the Philippines 6.2%, Singapore 0.0%, Thailand 9.6%, and Vietnam 9.5%. Commission member told that since the ASEAN is not a customs union, Bangladesh will have to sign FTA deals with the member states individually. According to the study, Bangladesh's annual revenue loss would be nearly USD 1.03 billion if FTA is signed.

<https://today.thefinancialexpress.com.bd/trade-market/govt-weighs-possibility-of-joining-rcep-1606324009>

Bangladesh Bank (BB)'s concern to follow Reserve Bank of India (RBI)'s lead and merge weak banks with sound ones

- Earlier on November 17, the Reserve Bank of India proposed the merger of capital-starved 94-year-old Lakshmi Vilas Bank with the Indian arm of Singapore's DBS Bank, which its cabinet yesterday agreed to. This raises the question: should such an exercise take place across the border. At present, 60 banks are in operation and the window for getting a new licence is not firmly shut. Earlier in February, the Bengal Commercial Bank got the licence from the Bangladesh Bank, and two more, People's Bank and Citizen Bank are waiting in the wings for their golden ticket.
- As of June, ten banks including six state-run ones jointly faced a total capital shortfall of BDT 213.2 billion, according to data from the BB. The state-run specialised lenders BKB and RAKUB have negative capital adequacy ratio (CAR), Bangladesh's banking sector has maintained the lowest capital adequacy ratio (CAR) among its South Asian counterparts, according to the BB's Financial Stability Report 2019.
- About 72.0% bankers are in favour of bringing down the number of banks through merger and acquisition, particularly the weak ones, according to a survey of the Bangladesh Institute of Bank Management (BIBM). At present, the BB does not have the authority to force a merger like the RBI. ut recently, the central bank in a draft bill sought amendments to the Bank Company Act 1991 and spelt out its plans for 'structuring', 'merger' or 'liquidation' of the bank companies in trouble.

<https://www.dhakatribune.com/business/banks/2020/11/26/should-the-bb-follow-the-rbi-s-lead-and-merge-the-weak-banks-with-the-sound-ones>

Bangladesh Securities and Exchange Commission (BSEC) threatens to recast boards

- The securities regulator will restructure the boards of the listed companies if the sponsor-directors fail to hold minimum 30% shares jointly by November 30, 2020. In July last, the sponsor-directors of 42 listed companies were found non-compliant in case of holding minimum 30.0% shares compared to their respective paid-up capitals. As a consequence, the regulator gave them an ultimatum to comply it within 60 working days. The deadline expired on October 28 which was later extended until November 30 due to requests from some of the companies.
- According to a BSEC official, the sponsor-directors of nine companies, out of the 42, have already met the compliance while four others would be able to comply as the sponsor-directors in the meantime declared purchasing or receiving shares through transfer. About the work-plan, he said the number of independent directors might be increased to meet the compliance requirement.
- Presently, there is no director in the boards of listed companies without holding the minimum 2.0% shares individually. Initially, the BSEC asked the non-compliant sponsor-directors to hold minimum 2.0% shares. After offering several timeframes, the regulator on September 20 declared vacant the posts of 17 directors of nine separate listed companies for their failure to hold the minimum shares each.

<https://today.thefinancialexpress.com.bd/first-page/bsec-threatens-to-recast-boards-1606327051>

<https://www.dhakatribune.com/business/stock/2020/11/26/bsec-to-restructure-boards-that-fails-minimum-shareholding-by-sponsors>

<https://www.thedailystar.net/business/news/bsec-restructure-boards-fail-hold-minimum-shares-2001201>

<https://www.newagebd.net/article/122599/bsec-to-reform-cos-board-if-30pc-shareholding-by-directors-not-ensured-by-nov-30>

AFC Health's IPO put on hold due to furnishing misleading information in the prospectus

- The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday suspended the initial public offering (IPO) of AFC Health until further notice for furnishing misleading information in its prospectus. The development comes after its foreign partner Fortis Healthcare requested the securities regulator for cancellation of the IPO as AFC Health provided false information and misused the leading Indian healthcare provider's trade name without consent to secure approval for the listing.
- AFC Health, which runs cardiac care facilities in Cumilla, Khulna and Chattogram, received approval from the BSEC on September 16 to raise BDT 170.0 million by issuing 30.0 million ordinary shares at BDT 10.0 each to buy equipment. In its IPO prospectus, AFC Health had said that Fortis would provide operation and management services for all of the cardiac centres as per an agreement signed on February 4, 2015, in New Delhi between the two companies. Fortis

opposed the statement and said it was supposed to cover only AFC's centres in Khulna and Chattogram regions and not elsewhere.

<https://www.dhakatribune.com/business/stock/2020/11/26/afc-health-s-ipo-put-on-hold>
<https://www.newagebd.net/article/122592/afc-healths-ipo-approval-suspended-over-fortis-dispute>

Multinational GSK now Unilever Consumer Care (UNILEVERCL); Monno Jute Staffers is Monno Agro (MONNOAGML)

- Two publicly listed companies – GlaxoSmithKline (Bangladesh) Ltd and Monno Jute Staffers Ltd – have changed their names. GlaxoSmithKline or GSK has been renamed as Unilever Consumer Care Ltd while Monno Jute Staffers as Monno Agro and General Machinery Ltd. In line with its new name, GSK Bangladesh's trading code and sector will also be changed to "[UNILEVERCL](#)" and "food" respectively. The company was previously listed in the pharmaceutical and chemical sector.

- Unilever Overseas Holdings BV has bought all shares (81.98%) of the entrepreneurial director (SETFIRST Ltd) of GSK Bangladesh. On 28 June this year, Unilever acquired GSK Bangladesh on the block market for more than BDT 20.0 billion. In July, the company's board of directors decided to rename it as Unilever Consumer Care Ltd. The company decided to trade on the stock market under the new name approved by the Registrar of Joint Stock Companies and Firms (RJSC).

- Meanwhile, the new name of Monno Jute Staffers is Monno Agro and General Machinery Ltd. Its new trading code is "MONNOAGML". The company said all of its information, except for the name change, would remain unchanged.

<https://tbsnews.net/economy/stock/multinational-gsk-now-unilever-consumer-care-163099>

LafargeHolcim Bangladesh part of Swiss-based LafargeHolcim Group

- In the last couple of weeks, LafargeHolcim Bangladesh noticed a number of activities in social media coupled with leaflet distributions on boycotting products from a particular country. In those communications LafargeHolcim Bangladesh Limited and its brands Holcim & Supercrete were misrepresented and misquoted, says the company in a statement.

- LafargeHolcim Bangladesh Limited is part of LafargeHolcim Group based in Switzerland and operating in over 70 countries around the world. 59.0% of the shares of LafargeHolcim Bangladesh are owned by LafargeHolcim Group based in Switzerland and Cementos Molins based in Spain. The remaining 41.0% shares are owned Bangladeshi shareholders. LafargeHolcim Bangladesh clarified the situation with the hope that it will help stop the misrepresentation of its products.

<https://today.thefinancialexpress.com.bd/trade-market/lafargeholcim-bangladesh-part-of-swiss-based-lafargeholcim-group-1606324198>

Social Islami Bank's BDT 5.0 billion bond gets the go-ahead

- Bangladesh Securities and Exchange Commission on Wednesday approved Social Islami Bank's BDT 5.0 billion unsecured contingent-convertible bond to strengthen its capital base. The per unit price of the bond was fixed at BDT 1.0 million, which will be sold to banks, financial institutions, insurance companies, corporate bodies, asset management companies, mutual funds and high net-worth individuals through private placements. EBL Investment will act as the trustee, while City Bank Capital Resources and Prime Bank Investment will be the arrangers for the bond.

<https://www.dhakatribune.com/business/stock/2020/11/26/social-islami-bank-s-BDT500-crore-bond-gets-the-nod>

South Bangla Agriculture and Commerce (SBAC) gets Bangladesh Bank's nod to go public

- South Bangla Agriculture and Commerce (SBAC) Bank on Wednesday received the approval from Bangladesh Bank to raise BDT 1.0 billion from the stock market. The seven-year-old bank will offload 100.0 million ordinary shares at BDT 10.0 each. Its IPO is awaiting the nod from the Bangladesh Securities and Exchange Commission. As of September, its profit after tax stood at BDT 675.0 million. Its authorised capital is BDT 10.0 billion and paid-up capital BDT 68.5 million. The majority of the initial public offering proceeds will be invested in several government securities and the stock markets, said the managing director and chief executive officer of SBAC. ICB Capital Management will act as the issue manager.

<https://www.dhakatribune.com/business/stock/2020/11/26/sbac-gets-bb-nod-to-go-public>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 45.76	(USD 15.87)	-25.75%
Crude Oil (Brent)*	USD 48.79	(USD 19.65)	-28.71%
Gold Spot*	USD 1,810.21	USD 288.74	18.98%
DSEX	4,861.88	408.95	9.18%
S&P 500	3,629.65	398.87	12.35%
FTSE 100	6,391.09	(1,195.96)	-15.76%
BSE SENSEX	43,828.10	2,185.96	5.25%
KSE-100	40,377.53	(357.55)	-0.88%
CSEALL	6,141.79	12.58	0.21%

Exchange Rates

USD 1 = BDT 84.79*

GBP 1 = BDT 113.53*

EUR 1 = BDT 101.09*

INR 1 = BDT 1.15*

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

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