

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+2.16%) gained 110.33 points and closed the week at 5,218.37 points. The blue-chip index DS30 (+4.34%) gained 78.12 points and stood at 1,876.74 points. The Shariah-based index DSES (+2.00%) gained 23.58 points and stood at 1,203.67 points. The large cap index CDSET (+3.36%) gained 35.14 points and closed at 1,081.95 points. DSEX, DS30, DSES and CDSET showed YTD returns of +17.19%, +24.01%, +20.39%, +20.25%, respectively.

Total Turnover During The Week (DSE): BDT 56.2 billion (USD 662 million)
Average Daily Turnover Value (ADTV): BDT 11.2 billion (Δ% Week: +22.9%)

Market P/E: 17.8x

Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed negatively by 0.65% and rebounded in the second session by 0.80%. However, in the third session, market closed in negative territory by 0.33%. Market closed in the positive ground in the fourth session by 0.68% and continued to be positive in the final session by 1.66%.

Sectoral Performance:

- Financial sectors posted mixed performance this week. General Insurance booked the highest gain of 5.58% followed by NBF (2.29%). Mutual Fund experienced the highest loss of 3.36% followed by Life Insurance (-2.00%) and Bank (-1.14%).
- Non-financial sectors posted mixed performance this week. Pharmaceutical booked the highest gain of 2.55% followed by Fuel & Power (+0.92%). Food & Allied experienced the highest loss of 4.35% followed by Engineering (-3.18%), and Telecommunication (-0.55%).

Macroeconomic arena:

- The yield on the 91-day bill went down from 6.5% (annualized) in June to 0.65% in December. The yield on the 120-day bill is now 1.25%, down by 5.52% points in June. The 364-day bill in the year's last auction was 2.07%, which was 7.25% in June, 2020.
- The country's foreign exchange reserves will cross USD 50 billion by 2030 but only 1% or 2% profit can be obtained by investing it outside the country. So, if the government can use this money on government projects, it will hopefully be more beneficial than in an international investment.
- The opening of letters of credit (L/Cs), grew by nearly 8.0% to USD 4.13 billion in November 2020 from USD 3.83 billion a month ago. Similarly, the settlement of L/Cs, increased by more than 9.0% to USD 3.64 billion in November from USD 3.34 billion in the previous month.
- At the end of September, disbursement of industrial working capital loans dropped about 12.9% year-on-year to BDT 948.50 billion. Banks recovered industrial loans amounting to BDT 842.33 billion at the end of September, down 10.9% year-on-year.

Stock Market arena:

- The Bangladesh Bank will issue Shariah-based safe investment instrument Sukuk by 30 December. Investors will receive a profit of 4.69% on their aggregate investment in the Islamic bond.
- Robi Axiata Limited is going to receive the re-allotment of 11.6 megahertz (MHz) spectrum under two bands on an installment basis for a ten-year period. The spectrum is set to expire on 19 December (today) after a 15-year period.
- The finance ministry yesterday suspended its directive that had asked the stock market regulator to change direct listing rules to allow infrastructure-related companies to offload shares.
- The subscription for National Polymer's BDT 547 million rights share issue is set to begin on January 24. It 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 initial public offering (IPO) subscriptions of two companies, Taufika Foods & Agro Industries and eGeneration, will open next month to raise BDT 450 million under the fixed price method.

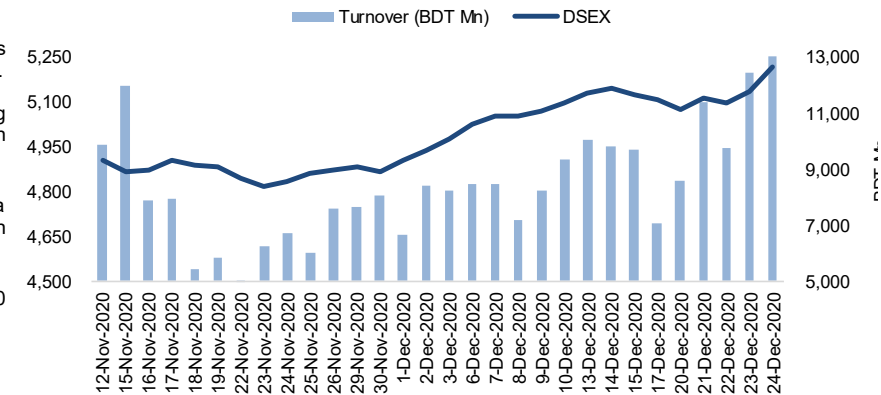
Table 1: Index

| Index | Closing | Opening | Δ(Pts) | 30-Dec-2019 | Δ% Week | Δ%YTD |
|-------|----------|----------|---------|-------------|---------|---------|
| DSEX | 5,218.37 | 5,108.04 | +110.33 | 4,452.93 | +2.16% | +17.19% |
| DS30 | 1,876.74 | 1,798.62 | +78.12 | 1,513.35 | +4.34% | +24.01% |
| DSES | 1,203.67 | 1,180.09 | +23.58 | 999.83 | +2.00% | +20.39% |
| CDSET | 1,081.95 | 1,046.81 | +35.14 | 899.76 | +3.36% | +20.25% |

Table 2: Market Statistics

| | | This Week | Last Week | %Change |
|------------------------|-----------|-----------|-----------|---------|
| Mcap | Mn BDT | 4,257,946 | 4,169,472 | |
| | Mn USD | 50,117 | 49,076 | +2.1% |
| Turnover | Mn BDT | 56,238 | 36,598 | +53.7% |
| | Mn USD | 662 | 431 | |
| Average Daily Turnover | Mn BDT | 11,248 | 9,150 | +22.9% |
| | Mn USD | 132 | 108 | |
| Volume | Mn Shares | 1,685 | 1,335 | +26.2% |

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

| Company Name | Close | Open | Δ% | Mcap (BDT Mn) | Turnover (BDT Mn) | PE | PB |
|--------------|-------|-------|---------|---------------|-------------------|-------|------|
| CRYSTALINS | 27.1 | 10.0 | +171.0% | 1,084 | 0.1 | 13.4x | 1.4x |
| PRAGATILIF | 88.3 | 88.3 | +100.0% | 2,711 | 0.1 | NM | NM |
| ROBI | 15.0 | 10.0 | +50.0% | 78,569 | 1.8 | NM | 1.2x |
| BEXIMCO | 46.3 | 32.0 | +44.7% | 40,574 | 4,802.1 | 90.8x | 0.7x |
| BNICL | 70.6 | 53.0 | +33.2% | 3,124 | 828.1 | 34.4x | 3.6x |
| SPCERAMICS | 31.4 | 23.8 | +31.9% | 4,615 | 706.8 | NM | 1.1x |
| ARAMITCEM | 18.3 | 15.1 | +21.2% | 620 | 4.7 | NM | 0.7x |
| JMISMDL | 416.7 | 346.9 | +20.1% | 4,584 | 641.1 | 95.8x | 3.4x |
| IFADAUTOS | 51.0 | 42.6 | +19.7% | 12,900 | 546.5 | 58.5x | 1.3x |
| BSCCL | 164.2 | 140.5 | +16.9% | 27,077 | 1,133.9 | 28.3x | 4.0x |

Table 4: Top Ten Losers

| Company Name | Close | Open | Δ% | Mcap (BDT Mn) | Turnover (BDT Mn) | PE | PB |
|--------------|---------|---------|--------|---------------|-------------------|-------|-------|
| DOMINAGE | 34.6 | 42.6 | -18.8% | 3,550 | 542.6 | 12.9x | 1.8x |
| UNILEVERCL | 2,927.6 | 3,482.6 | -15.9% | 35,267 | 269.0 | 38.3x | 25.0x |
| GQBALLPEN | 154.1 | 178.0 | -13.4% | 1,376 | 52.3 | NM | 1.2x |
| INTECH | 35.7 | 40.0 | -10.8% | 1,118 | 28.7 | NM | 3.3x |
| BDLAMPS | 166.2 | 185.7 | -10.5% | 1,557 | 81.0 | NM | 2.2x |
| SAVAREFR | 223.7 | 246.1 | -9.1% | 312 | 5.0 | NM | 85.1x |
| EBLNBFMF | 5.4 | 5.9 | -8.5% | 1,211 | 31.6 | NM | 0.6x |
| ARAMIT | 257.9 | 279.9 | -7.9% | 1,547 | 17.8 | NM | 1.8x |
| ICB3RDNRB | 5.9 | 6.4 | -7.8% | 590 | 19.5 | NM | 1.1x |
| CENTRALPHL | 12.3 | 13.3 | -7.5% | 1,474 | 157.3 | NM | 1.9x |

Table 5: Top Ten Most Traded Shares

| Company Name | Close | Open | Δ% | Mcap (BDT Mn) | Turnover (BDT Mn) | PE | PB |
|--------------|-------|---------|--------|---------------|-------------------|-------|------|
| BEXIMCO | 46.3 | 32.0 | +44.7% | 40,574 | 4,802 | 90.8x | 0.7x |
| BXPHERMA | 174.6 | 154.8 | +12.8% | 77,891 | 3,221 | 22.2x | 2.4x |
| IFIC | 13.7 | 12.9 | +6.2% | 22,192 | 1,929 | 11.9x | 0.8x |
| LHBL | 47.8 | 42.0 | +13.8% | 55,514 | 1,394 | 26.9x | 3.3x |
| ORIONPHARM | 55.9 | 48.9 | +14.3% | 13,081 | 1,281 | 19.7x | 0.8x |
| RUPALIINS | 44.5 | 42.6 | +4.5% | 3,412 | 1,177 | 25.3x | 2.1x |
| REPUBLIC | 57.5 | 56.1 | +2.5% | 2,666 | 1,146 | 27.9x | 3.5x |
| BSCCL | 164.2 | 140.5 | +16.9% | 27,077 | 1,134 | 28.3x | 4.0x |
| FORTUNE | 22.6 | 21.0 | +7.6% | 3,498 | 1,038 | 29.7x | 1.7x |
| WALTONHIL | 967.4 | 1,026.7 | -5.8% | 293,053 | 1,003 | 43.2x | 3.7x |

Table 8: Most Appreciated YTD in BRAC EPL Universe

| Top 10 Most Appreciated Stocks | Close | Δ% YTD | Mcap (BDT Mn) | P/E | P/B |
|--------------------------------|-------|--------|---------------|---------|-----|
| PEOPLESINS | 49.1 | 43.6 | +12.6% | 2,268 | 823 |
| NORTHRNINS | 47.7 | 46.8 | +1.9% | 2,035 | 798 |
| SSSTEEL | 17.0 | 16.7 | +1.8% | 5,173 | 714 |
| SPCERAMICS | 31.4 | 23.8 | +31.9% | 4,615 | 707 |
| UPGDCL | 268.4 | 259.0 | +3.6% | 155,590 | 681 |
| NFML | 23.8 | 20.6 | +15.5% | 2,200 | 673 |
| JMISMDL | 416.7 | 346.9 | +20.1% | 4,584 | 641 |
| LANKABAFIN | 24.0 | 22.4 | +7.1% | 12,932 | 554 |
| PURABIGEN | 34.9 | 33.8 | +3.3% | 1,930 | 552 |
| IFADAUTOS | 51.0 | 42.6 | +19.7% | 12,900 | 546 |

Table 6: Sector Indices

| Sector Name | Week Close | Week Open | Year Open | %Δ Week | %Δ YTD |
|------------------------|------------|-----------|-----------|---------|----------|
| Banks | 1,350.05 | 1,365.56 | 1,319.28 | -1.14% | +2.33% |
| NBFIs | 1,839.85 | 1,798.60 | 1,565.13 | +2.29% | +17.55% |
| Mutual Funds | 936.63 | 969.23 | 591.17 | -3.36% | +58.44% |
| General Insurance | 4,159.10 | 3,939.31 | 1,927.02 | +5.58% | +115.83% |
| Life Insurance | 2,209.91 | 2,255.00 | 2,194.70 | -2.00% | +0.69% |
| Telecommunication | 4,743.37 | 4,769.71 | 3,993.59 | -0.55% | +18.77% |
| Pharmaceuticals | 3,182.53 | 3,103.39 | 2,492.51 | +2.55% | +27.68% |
| Fuel & Power | 1,616.77 | 1,602.02 | 1,515.21 | +0.92% | +6.70% |
| Cement | 1,423.18 | 1,308.35 | 1,132.29 | +8.78% | +25.69% |
| Services & Real Estate | 1,048.92 | 1,026.16 | 886.70 | +2.22% | +18.30% |
| Engineering | 3,584.35 | 3,702.23 | 2,257.22 | -3.18% | +58.80% |
| Food & Allied | 13,873.31 | 14,504.73 | 12,121.49 | -4.35% | +14.45% |
| IT | 2,286.00 | 2,306.27 | 1,823.13 | -0.88% | +25.39% |
| Textiles | 1,058.55 | 1,075.24 | 1,042.04 | -1.55% | +1.59% |
| Paper & Printing | 5,288.03 | 5,232.76 | 5,233.20 | +1.06% | +1.05% |
| Tannery | 1,754.67 | 1,733.14 | 1,826.45 | +1.24% | -3.93% |
| Jute | 10,397.74 | 9,565.26 | 11,393.28 | +8.70% | -8.74% |
| Ceramics | 468.42 | 448.95 | 459.10 | +4.34% | +2.03% |
| Miscellaneous | 2,343.29 | 2,132.53 | 1,745.96 | +9.88% | +34.21% |

Table 7: Sector Trading Matrix

| Sector Name | Daily average this Week | Daily average last week | % Change | % of Total Turnover | P/E | P/B |
|------------------------|-------------------------|-------------------------|----------|---------------------|--------|-------|
| Bank | 753.9 | 963.1 | -21.7% | 7.4% | 7.8x | 0.8x |
| NBFI | 323.0 | 276.5 | +16.8% | 3.2% | NM | 2.9x |
| Mutual Fund | 306.3 | 408.9 | -25.1% | 3.0% | NM | 0.8x |
| General Insurance | 2,615.8 | 1,604.8 | +63.0% | 25.5% | 22.3x | 2.0x |
| Life Insurance | 103.4 | 94.9 | +8.9% | 1.0% | NM | NM |
| Telecommunication | 286.9 | 268.0 | +7.1% | 2.8% | 15.4x | 4.9x |
| Pharmaceutical | 1,574.6 | 1,491.2 | +5.6% | 15.4% | 20.2x | 2.4x |
| Fuel & Power | 370.6 | 349.6 | +6.0% | 3.6% | 12.4x | 1.4x |
| Cement | 384.8 | 203.1 | +89.5% | 3.8% | 35.7x | 2.2x |
| Services & Real Estate | 102.0 | 87.3 | +16.8% | 1.0% | 90.2x | 0.9x |
| Engineering | 959.3 | 1,045.3 | -8.2% | 9.4% | 37.1x | 2.0x |
| Food & Allied | 228.1 | 323.4 | -29.4% | 2.2% | 22.5x | 6.2x |
| IT | 155.7 | 181.0 | -14.0% | 1.5% | 24.7x | 2.1x |
| Textile | 307.8 | 516.1 | -40.4% | 3.0% | 325.7x | 0.7x |
| Paper & Printing | 45.7 | 30.4 | +50.0% | 0.4% | 61.7x | 1.1x |
| Tannery | 214.7 | 201.8 | +6.4% | 2.1% | NM | 1.8x |
| Jute | 44.2 | 34.7 | +27.5% | 0.4% | NM | 12.7x |
| Ceramics | 195.8 | 98.1 | +99.7% | 1.9% | 60.5x | 1.6x |
| Miscellaneous | 1,271.4 | 796.5 | +59.6% | 12.4% | 41.5x | 1.4x |

Table 9: Least Appreciated YTD in BRAC EPL Universe

| Top 10 Least Appreciated Stocks | Close | Δ% YTD | Mcap (BDT Mn) | P/E | P/B |
|---------------------------------|-------|--------|---------------|-------|-------|
| ECABLES | 140.1 | -29.7% | 3,362 | NM | 10.1x |
| BRACBANK | 44.3 | -16.6% | 58,736 | 13.9x | 1.3x |
| GHAIL | 16.7 | -14.8% | 3,604 | NM | 1.1x |
| RUNNERAUTO | 51.1 | -14.1% | 5,802 | 40.2x | 0.8x |
| HEIDELBCEM | 146.8 | -10.9% | 8,295 | NM | 2.1x |
| UNIQUEHRL | 39.5 | -10.0% | 11,629 | 87.8x | 0.5x |
| SHASHADNIM | 21.6 | -8.2% | 3,046 | 10.5x | 0.5x |
| POWERGRID | 41.1 | -7.8% | 18,944 | 9.2x | 0.4x |
| BBSCABLES | 54.6 | -7.1% | 9,532 | 8.2x | 1.7x |
| DBH | 92.6 | -6.8% | 14,274 | 16.9x | 2.3x |

Important News: Business & Economy

Treasury yields hit record lows

- The treasury yields have fallen sharply in recent months, lowered by adequate liquidity in the money market. The yield on the 91-day bill went down from 6.5% (annualised) in June to 0.65% in December. The yield on the 120-day bill is now 1.25%, down by 5.52% points in June, according to the central bank data compiled by the FE. The data shows that the yield on the 364-day bill in the year's last auction was 2.07%, which was 7.25% in June, 2020. The slim yield is likely to influence the lending rates on the market as many consider treasury bills to be the benchmarks for setting lending rates.

- The yield on the two-year bond is now 3.71% against 7.8% in June 2020. The yield on the five-year bond almost halved, in its latest auction in December, to 4.64%. The 10-year bond also fell to 5.81% in December against 8.66% in June last. No auctions have been held for the 15-year bond and 20-year bonds in December. The government borrowing from the instruments also fell significantly during the period. • The government borrowed a total of BDT. 230 billion from the bills and bonds in June last. But the borrowing dropped to BDT 105 billion in December from BDT 151 billion in September last. The volume of borrowing was BDT 180 billion in November, according to the Bangladesh Bank (BB).

<https://today.thefinancialexpress.com.bd/first-page/treasury-yields-hit-record-lows-1608399319>

Government to take decision before next budget on using forex reserve for development projects: Finance Minister

- The government will take a decision on whether to use the country's foreign exchange reserves on development projects before the next annual budget is passed, according to the Finance Minister. Our reserves will cross USD 50 billion by 2030 but only one or two% profit can be obtained by investing it outside the country, he said during a procurement committee meeting held digitally yesterday. So, if we can use this money on government projects, it will hopefully be more beneficial than in an international investment, finance minister said, adding that about USD 100 million was spent from the reserve over the last couple of months on the country's megaprojects.

- In response to a query, the finance minister said a total of USD 12 billion in remittance flowed into the country between July 1 and December 15 of the ongoing fiscal. This is because the number of expatriate workers that use official channels to transfer their money has significantly increased following several government initiatives, including a two% cash incentive, he added. Bangladesh's foreign exchange reserves hit a record high of USD 42.09 billion on December 15 this year while it was USD 32.11 billion on the same day in 2019.

<https://www.thedailystar.net/business/news/govt-take-decision-next-budget-kamal-2013301>
<https://tbsnews.net/economy/forex-reserve-be-50bn-2030-finance-minister-172948>

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>

Industries' appetite for loans yet to return

- At the end of September, disbursement of industrial loans, which are short-term credit taken as working capital or for funding capital expenditure, dropped about 12.9% year-on-year to BDT 948.50 billion, according to data from the Bangladesh Bank. This is the reflection of the stagnant economy thanks to the pandemic, said the executive director of the Centre for Policy Dialogue (CPD).

- The recovery of industrial loans also registered a negative growth as the repayment capacity of the businesses have eroded thanks to the economic damage inflicted the lethal pathogen, which has so far claimed 7,312 lives and infected 502,183 in Bangladesh. Banks recovered industrial loans amounting to BDT 842.33 billion at the end of September, down 10.9% year-on-year. At the end of September, disbursement of large industrial loans fell 13.1%, medium industrial loans 8.9% and small industrial loans 14.9%.

At the end of September, overdue and outstanding loans in the industrial sector rose 11% and 8.6% owing to the loan moratorium facility offered by the central bank. The BB has barred banks from downgrading any loan for the borrowers' failure to pay instalments this year. As a result, industrial defaulted loans fell 14.7% year-on-year to BDT 464.12 billion at the end of September.

<https://www.dhakatribune.com/business/2020/12/22/industries-appetite-for-loans-yet-to-return>

e-Commerce gets boost

- The central bank has relaxed its regulations allowing business-to-consumer exports via e-Commerce websites under cash on delivery or payment on shipments to facilitate retail exports using the digital platform, officials said. With this, transactions against export under e-Commerce can be received by different payment methods such as international cards, online payment gateway service providers, digital wallets and other legitimate payment systems licensed by the regulatory authorities, according to a notice issued by the Bangladesh Bank (BB) on Monday.

- Earlier, cross border export under e-Commerce was allowed only against the payment received through digital platforms before shipments. Authorised dealer (AD) banks are now allowed to receive payments against export through e-Commerce websites on the basis of cash on delivery or payment on shipment, it added. In this case, dealer banks shall have

counterparty arrangements with foreign payment service providers to realise the payments by debiting the local currency-Bangladesh Taka (BDT)- accounts or foreign currency accounts they maintain in Bangladesh. The central bank has allowed overdraft facilities for the bank accounts provided that dealer banks shall have payment guarantees for the adequate amounts based on the transaction flows.

<https://today.thefinancialexpress.com.bd/last-page/e-commerce-gets-boost-1608571814>
<https://www.dhakatribune.com/business/2020/12/21/e-commerce-sites-allowed-exports-against-cash-on-delivery-2>

Mobile users reach 168.36 million in November

• The total number of mobile phone subscribers reached 168.36 million in November going up by 2,98,000 from October, according to a report of the Bangladesh Telecommunication Regulatory Commission (BTRC). Robi Axiata Ltd, the second-largest mobile operator of the country, added nearly 2,00,000 new subscribers during the period while market leader Grameenphone added only 8,000. Although the operators maintained positive growth in their subscriber base in November, they lost 201,000 mobile internet users during the same period. At the end of November, 101.90-million subscribers were using internet on their mobile devices compared to 102.10 users in October, the BTRC report mentioned.

<https://today.thefinancialexpress.com.bd/first-page/mobile-users-reach-16836m-in-november-1608311700>

Broadband connections skyrocket

• The number of broadband internet connections has skyrocketed since the onset of the coronavirus pandemic thanks to the inclusion of rural areas under the service amid the ongoing health crisis which prompted affordable and faster internet consumption across the country. The internet connections through broadband jumped 50% year-on-year in November to reach 8.6 million, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC).

• The main reason for the increase in the number of subscribers is the availability of broadband connections in rural areas. This is due to changes in people's lifestyles during the pandemic, said the president of the Internet Service Providers Association of Bangladesh. Now the people of the village also need fast internet, he added.

<https://www.thedailystar.net/business/news/broadband-connections-skyrocket-2013277>

Bangladesh's cigarette prices, tax structure far below international best practice

• Tobacconomics, a US-based research initiative, has released the first edition of the International Cigarette Tax Scorecard, assessing the performance of cigarette tax policies in over 170 countries including Bangladesh. Bangladesh got an overall score of 2.38 out of five possible points, which is slightly higher than the global average (2.07), but there is ample room to improve when compared to the top performing countries (4.63). Bangladesh had significantly improved its score on cigarette taxation policy from 0.87 in 2014 to 2.38 in 2018 but improvements are needed in the tax structure and prices of cigarettes.

• Nearly half the countries scored less than two out of the five-point maximum. There has been little improvement between 2014 and 2018: the global average score rose only slightly from 1.85 in 2014 to 2.07 in 2018. According to the World Health Organization, lungs

hooked on tobacco are at greater risk of Covid-19. In Bangladesh, 37.8 million adults use tobacco and 41 million people fall victim to second-hand smoke in their own homes. This huge part of population, victims of direct or indirect tobacco use, is currently at grave risk of severe [novel] coronavirus infection, said the research director of Bangladesh Institute of International and Strategic Studies.

• Low prices of tobacco products are the main reason behind this. Increased taxes on tobacco products will reduce their consumption and generate much needed revenue to bear [novel] coronavirus related medical expenses and implementation of government stimulus packages, he added. About 126,000 people die every year in Bangladesh from tobacco use and the economic burden from tobacco use amounted to BDT 305.00 billion in 2017-18 which is 1.4% of Bangladesh's total GDP, reads the press release.

<https://tbsnews.net/economy/bangladeshs-cigarette-prices-tax-structure-far-below-intl-best-practice-173782>
<https://tbsnews.net/economy/cigar-tax-structure-bangladesh-far-below-standard-intl-best-practice-study-173641>

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>

Bangladesh Bank (BB) revises semantics of NBFIs' stress testing

- As per revised guidelines, NBFIs will be categorised as 'A', 'B' and 'C' instead of 'green', 'yellow' and 'red' to indicate whether the position of the NBFIs is good, average or bad based on the institutes' weighted insolvency ratio (WIR). The central bank assesses stress to understand the consequences of financial institutions if bad loans and other risky assets increase, said a high official of BB. As per the previous method for stress testing, the NBFIs in red zones were viewed in a very negative light even though their financial health is not that bad for practical intents and purposes, he added.

<https://www.dhakatribune.com/business/2020/12/21/bb-revises-semantics-of-nbfis-stress-testing-2>

FDI edges down for first time in 7 years

- Foreign direct investment to Bangladesh dropped last fiscal year, the first decline in seven years, because of the pandemic-induced slowdown in business and regulatory barriers. Net FDI nosedived 39% year-on-year to USD 2.37 billion last fiscal year, data from the central bank showed. The about-face in the FDI came just a year after it surged to its highest on

record, riding mainly on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for USD 1.47 billion. In 2018-19, net FDI stood at USD 3.88 billion.

- Although the financial meltdown caused by the coronavirus pandemic has taken a toll on the FDI flow, the whole situation should not be judged by the ongoing economic hardship alone, analysts say. FDI flow across the globe has declined in recent periods due to the financial crisis, which started in March, said a distinguished fellow of the Centre for Policy Dialogue. Global FDI flows are forecast to decrease by up to 40% in 2020, from their 2019 value of USD 1.54 trillion, according to the World Investment Report 2020 of the United Nations Conference on Trade and Development (UNCTAD) released in June.

- This will bring the global FDI below USD 1 trillion for the first time since 2005. In March, the International Monetary Fund said that investors had withdrawn USD 83 billion from developing countries since the beginning of the Covid-19 crisis, the largest capital outflow ever recorded.

<https://www.thedailystar.net/business/news/fdi-edges-down-first-time-7yrs-2015229>

Construction set to be costlier as rod prices soar

- Steel prices jumped 17% in the last one month as millers hiked the rates in the wake of spiralling scrap prices in the international market, which will make the implementation of public construction projects and home building costlier. The retail price of 60-grade MS (mild-steel) rod rose to BDT 64,000 per tonne, up from BDT 54,000 a month ago and BDT 61,500 during the corresponding period last year. The price of steel scrap increased by USD 100 per tonne in international markets recently, said the president of the Bangladesh Steel Mill Owners Association.

- But suppliers can't deliver the steel scrap adequately due to the supply chain disruption. There is a shortage of scrap in the global market, he said. He called the latest increase in the price of the rod as price correction. MS rod price was BDT 60,000 per tonne on average before the pandemic. It declined to BDT 50,000 per tonne in the June-November period, when millers sold finished products for cash to stay afloat, Hossain said. According to him, the price of rod would increase further in the coming days because of the rise in the price of steel scrap.

- A former president of the Federation of Bangladesh Chambers of Commerce and Industry said the hike in the price of MS rod would put a negative impact on the infrastructure and construction sectors as steel is a key component. The implementation of the annual development programme will be affected significantly. Local construction companies will fall in trouble as procurement entities don't adjust prices for the projects with tenure less than 18 months, he said.

<https://www.thedailystar.net/business/news/construction-set-be-costlier-rod-prices-soar-2015237>

Industrial credit falls year-on-year, but increases in Q3

- Although bank loan disbursement to the industrial sector at the end of the third quarter of this year was lower than that in the same period last year due to the coronavirus pandemic, the situation is getting better. Industrial loan disbursement at the end of the third quarter of this year (July-September) was about 13% lower than that during the same period in 2019. At the end of September last year, BDT 1.08 trillion was disbursed. It decreased to BDT 948.50 billion this year. But the situation began to improve as industrial loan disbursement

in the third quarter of this year increased by 28% compared to the second quarter (April-June).

- Bankers say this is the evidence that industrial production is recovering after coping with the Covid-19 blows. Compared to the second quarter, loan disbursement at the end of the third quarter increased the most in small industries. Large and medium industries are in the second and third place respectively. During this period, the disbursement of term and working capital loans increased equally by about 28%. Due to the suspension of loan classification till December, many expired loans were not classified. According to bankers, if classification restarts in January, the amount of default loans will start increasing.

<https://tbsnews.net/economy/industrial-credit-falls-year-year-increases-q3-175249>

Apparel exporters concerned as UK goes into fresh shutdown

- Bangladeshi apparel exporters are worried about a likely economic catastrophe in the wake of the fresh pandemic-led shutdown in the United Kingdom. The stringent measure will likely hit their businesses hard. Apart from the UK, some buyers in the European Union have already informed their Bangladeshi suppliers that they will not comment on their existing as well as new orders till 10 January due to the re-imposition of strict measures in some countries. RMG exporters said they are likely to face great uncertainty because shutdowns usually defer payments while orders are also either cancelled or halted.

- The director of Bangladesh Knitwear Manufacturers and Exporters Association said that an EU buyer asked its Bangladeshi supplier on Monday evening to delay the production of its order for 400,000 pieces of garments due to the spread of the new Covid-19 strain. He said the exporter did not have any choice but to agree because he had already procured the raw materials. The order's volume was about half the supplier's production capacity of two months. He also mentioned that many manufacturers had been running their units at 70% capacity and it has started to go down since last week.

<https://tbsnews.net/economy/rmg/apparel-exporters-concerned-uk-goes-fresh-shutdown-175240>

Government again resorts to bank borrowing

- The government has again gone for borrowing from banks to meet the budget deficit. It took no loans from the banking sector in the first three months (July-September) of the current fiscal year, rather it paid back around BDT 500 million of its previous debt servicing. But borrowing again started in October, taking the government's net bank loan to around BDT 10.63 billion at the month end. However, bank borrowing in July-October was much lower than the amount of around BDT 360.00 billion in the same period a year ago.

- Despite low borrowing from banks, the government's non-bank loans increased by 140% to BDT 175.77 billion during July-October of the current fiscal year, up from BDT 73.26 billion in the same period of the last fiscal year. The budget for the current financial year has a target of raising BDT 250.00 billion from the non-bank sector, of which, BDT 200.00 billion will be taken from savings certificates. Sales of savings certificates have reached close to the fiscal year's target only in the July-October period with a fall in interest rates on bank deposits. During the time, the sales of savings instruments increased by 183% to BDT 156.42 billion from BDT 55.00 billion in the same period of the last fiscal year.

<https://tbsnews.net/economy/banking/govt-again-resorts-bank-borrowing-175219>

ADP implementation lowest in 11 years

- The government's Annual Development Programme (ADP) implementation in the first five months of the current fiscal year was the lowest in 11 years, with ADP expenditure falling by 7% compared to the same period of the last financial year. From July to November of FY21, 17.93% of the ADP allocation was spent, down from 19.24% in the same period of the previous financial year. With the economy on the path to recovery from the Covid-19 pandemic shocks, the government spent about BDT 110.20 billion on development projects in November, the highest in the first five months of FY21.

- The figures were revealed in the latest report of the Implementation Monitoring and Evaluation Division (IMED) under the Ministry of Planning. According to the report, 20% of the ADP was implemented in the first five months of the fiscal 2010-11. Since then, the implementation rate has risen to 25% several times. At the beginning of the current financial year, a BDT 2.14 trillion ADP was formulated. To implement it fully, BDT 1.76 trillion (about 82%) will have to be spent in the last seven months. Experts think there will be a huge pressure on ADP implementation at the last minute if the pace is slow at the beginning. They also fear a waste of public money, saying it will be difficult to ensure quality if the work is done hastily.

<https://tbsnews.net/bangladesh/adp-implementation-lowest-11-years-175735>
<https://www.thedailystar.net/business/news/adp-spending-slow-lane-2016357>

Manpower export down, remittance up amid Covid

- Manpower exports came down to almost a zero in the second quarter (April-June) of this year due to disruption to communications battered by Covid and deteriorating global economic situation. However, in the first three months (January-March) of 2020, more than 180,000 manpower was exported. In the third quarter (July-September) of the current year, only 16 Bangladeshis went abroad for work. Of them, 23 are women. The highest number of 19 people went to Singapore, 15 in Oman, and only 1 in Saudi Arabia.

- Although manpower export was very low, there was a high flow of remittances even amid Covid that came through legal means. During July-September period, the country's total remittance reached USD 6.71 billion, up 48.4% from the same period a year ago. The country-wise inflow of remittances during July-September 2020 shows that the largest amount of remittances was received from Saudi Arabia USD 1.61 billion, which is 24.04% of total remittances. Remittance from USA was 12.14%, UAE 11.19%, Malaysia 9.05%, United Kingdom 7.69%, Oman 7.24%, Kuwait 6.95% and other countries 21.70%.

<https://tbsnews.net/bangladesh/migration/manpower-export-down-remittance-amid-covid-175675>

The Microcredit Regulatory Authority (MRA) asks the microfinance institutions (MFIs) to provision 1.0% fund on total loan loss

- The Microcredit Regulatory Authority (MRA) asked the microfinance institutions (MFIs) to provision 1% fund of total loan loss. The microcredit regulator also asked the MFIs not to classify loans until December 31 even if the borrowers fail to pay back those as per the schedule. According to the circular, the micro lenders cannot force the borrowers to pay instalments during the time. Buro Finance Director, said it is totally an unfair decision for the sector, as the sector is already suffering due to negative impact of the Covid-19 pandemic. He said the MRA has not discussed this issue with stakeholders and they will request the regulator to withdraw the decision, he added.

<https://today.thefinancialexpress.com.bd/trade-market/mra-asks-mfis-to-provision-10pc-fund-on-total-loan-loss-1608739394>

Farm loans failing to pique banks' interest

• Disbursement of farm loans by banks in the first five months of the fiscal year slightly fell while nine banks disbursed a meagre amount. Between July and November, banks disbursed 33.99% of their total farm loan target, down from 34.43% a year earlier, according to the central bank's latest data. Earlier on July 22, the Bangladesh Bank had raised the farm loan disbursement target to BDT 262.9 billion for this fiscal year from BDT 241.2 billion in fiscal 2019-20. The effects of the pandemic and the floods were the reasons for the slow loan disbursement to the agriculture sector, said BB Spokesperson.

• Of the nine banks, private lender Community Bank and foreign Woori Bank are yet to disburse a single paisa in the five months, while Modhumoti and Shimanto managed to disburse just 0.19% and 0.43% of their target respectively. During the period, AB Bank disbursed just 6.99% of its target, Bangladesh Commerce 8% City 7.76% , Union 2.57% and United Commercial 4.77% . Disbursing loans for the farm and small- and medium-sized enterprises sectors are more time-consuming than for large industries, said managing director of Modhumoti Bank.

• Considering that agriculture is a priority sector, the central bank usually sets the interest rate on farm loans at 2-3% less than the major credit products of banks. But if banks disburse through NGOs or MFIs the rate goes up to 19-25% said a high official of the central bank. If the loans are disbursed through bank branches, farmers could get them at 9% interest rate, he added.

<https://www.dhakatribune.com/business/2020/12/24/farm-loans-failing-to-pique-banks-interest>

Cement makers still on slippery ground

• Between January and August, the sector, which has been riding the recent construction boom, saw degrowth of about 7.7%, as economic activities slammed shut for two-and-a-half months from March 26 thanks to the countrywide shutdown announced to flatten the curve on coronavirus. Cement business suffered terribly in the first six months of 2020 and many fell into trouble, said the president of the Bangladesh Cement Manufacturers Association (BCMA). The sector witnessed a degrowth of about 13% in the first five months of 2020, according to data compiled by the industry.

• The consumption of cement sector was supposed to rise this year though, fuelled by the ongoing mega projects like Padma Bridge, Metrorail and Karnaphuli Tunnel. But the pandemic played the spoilsport. The slump in cement sales in Bangladesh is in line with its South Asian neighbours, where the sector is expected to witness a 10% negative growth in 2020, as per the International Finance Corporation. The global cement demand is expected to shrink 3 % year-on-year when China is included and 6.4 % when excluding China, the study found. Now, the rise in rod prices is posing a threat to the sector's turnaround as it will impact construction decisions, said the vice-chairman of MI Cement.

<https://www.dhakatribune.com/business/2020/12/24/cement-makers-still-on-slippery-ground>

Dhaka, Ankara agree to double bilateral trade

• Turkey is interested in investing in mega projects in Bangladesh and starting joint venture

defence initiatives. Besides, both the countries are willing to boost the bilateral trade to USD 2.0 billion in the near future. Terming Bangladesh the 'rising star of South Asia', the Turkish FM said the country has become a role model of sustainable development before the world. He noted that there are a wide range of investment and trade opportunities in Bangladesh, and the big Turkish companies are being encouraged by his government to explore the investment opportunities.

<https://today.thefinancialexpress.com.bd/first-page/dhaka-ankara-agree-to-double-bilateral-trade-1608745456>

<https://www.dhakatribune.com/bangladesh/foreign-affairs/2020/12/24/turkey-keen-to-enhance-defence-cooperation-with-bangladesh>

Bangladesh Bank moves to set up alternative reference rate

• The central bank on Tuesday issued a draft policy seeking opinions from the stakeholders concerned to set up alternative reference rate after phasing out of the London Inter-Bank Offered Rate (LIBOR). Besides LIBOR, a benchmark rate in the currency of financing with prescribed mark up for discounting/early payment of export bills. It also focused on short-term trade financing for which presently six-month LIBOR plus 3.50% per annum can be applied. Reportedly, the Financial Conduct Authority of England will scrap the LIBOR after 2021.

• It is expected that from 2022 onward, all new loans and letters of credit (LCs) will be priced differently, in addition to carrying out entire outstanding loans and LCs with switching LIBOR to a new reference rate. The draft policy has relaxed six-month fixed tenure by allowing flexibility depending on the credit period for financing. In absence of a forward-looking rate like three-month and six-month, the relative rate may be compounded in arrears to calculate effective rate for the tenure of credit. The draft policy has allowed Islamic Shariah-based benchmark rate for Shariah-based financing. It will be applicable for permissible usance import under supplier's/buyer's credit.

<https://today.thefinancialexpress.com.bd/last-page/bb-moves-to-set-up-alternative-ref-rate-1608744546>

Important News: Capital Market

Bangladesh Bank (BB) to issue Sukuk by 30 December

• The Bangladesh Bank will issue Shariah-based safe investment instrument Sukuk by 30 December. The finance ministry is the originator of the Shariah-compliant bond, and the central bank will act as a special purpose vehicle (SPV) for the issuance of the security. A sukuk is an Islamic financial certificate, similar to a treasury bond, which complies with Shariah laws. The overall cost of the project is estimated at BDT 88.51 billion, of which BDT 8.51 billion will be provided by the government, according to a prospectus prepared by both the central bank and the finance ministry. The Department of Public Health Engineering (DPHE) will implement the project by June 30, 2025.

• Investors will receive a profit of 4.69% on their aggregate investment in the Islamic bond. The central bank has fixed the rate based on the Bangladesh Government Islamic Investment Bond (BGIIB). The last declared profit-sharing ratio of the six-month BGIIB is 3.69%, and the central bank has added 1% point to settle on the rate for the sukuk. Profits will be paid to investors on a half-yearly basis.

<https://www.thedailystar.net/business/news/BDT-8000cr-islamic-bond-safe-water-supply-2015849>

BTRC okays Robi spectrum renewal

• Robi Axiata Limited, the country's second largest mobile operator, is going to receive the re-allotment of 11.6 megahertz (MHz) spectrum under two bands on an installment basis for a ten-year period. The spectrum is set to expire on 19 December (today) after a 15-year period. The Bangladesh Telecommunication Regulatory Commission (BTRC) has agreed to allot the airwaves in five instalments. The spectrum price will be fixed in accordance with the BTRC's 2018 auction rate, said a source at the BTRC. Initially, Robi will deposit 25% of the spectrum fees, while the remaining 75% will be paid through five instalments.

• Robi was using 10 MHz spectrum from 1,800 MHz band and 1.6 from 900 under the Airtel Bangladesh Ltd, which merged with Robi in 2016. Currently, Robi has more than 1,200 BTS towers under the spectrum that provides telecom services to more than 45 million subscribers. Sources at the industry said Robi has to spend around USD 359.9 million on the 11.6 MHz spectrum in its network system as per the BTRC's latest spectrum auction rate.

<https://tbsnews.net/bangladesh/telecom/btrc-okays-robi-spectrum-renewal-173449>

Finance ministry suspends order on changing direct listing rules

• The finance ministry yesterday suspended its directive that had asked the stock market regulator to change direct listing rules to allow infrastructure-related companies to offload shares. The move came a day after the Bangladesh Securities and Exchange Commission (BSEC) ordered the Dhaka Stock Exchange (DSE) to halt the process of allowing Best Holdings Ltd to list directly on the bourse. Listing rules in Bangladesh don't allow private firms to go public through a direct listing. They have to go through the initial public offering process if they want to float shares to raise funds. The board of the DSE was set to discuss the proposal of direct listing of Best Holdings, the parent company of Le Méridien Dhaka hotel, at a meeting yesterday. But the stock market regulator on Wednesday evening asked the premier bourse to stop the procedure.

<https://www.thedailystar.net/business/news/finance-ministry-suspends-order-changing-direct-listing-rules-2013305>

<https://tbsnews.net/economy/stock/direct-listing-policy-private-sector-projects-now-uncertain-173107>

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>

IPO subscription of two companies to begin next month

• The initial public offering (IPO) subscriptions of two companies - Taufika Foods & Agro Industries and eGeneration - will open next month to raise BDT 450 million under the fixed price method. Taufika Foods, which produces ice cream under the brand name 'Lovello', will commence on January 3, while eGeneration an IT and software solutions company, is set to open on January 12, 2021, according to the IPO prospectus. Taufika Foods: The IPO subscription of Taufika Foods will be continued until January 7, which will raise a fund worth BDT 300 million under the fixed price method. A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO shares.

• IPO subscription of eGeneration will be continued until January 18 which will raise BDT 150 million under the fixed price method. It is the first software solutions company in the stock market of the country. A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO shares. The company will issue 15 million ordinary shares with an offer price of BDT 10 each using the fixed price method.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-two-cos-to-begin-next-month-1608392326>

Nearly half the state-run entities running at a loss

• Nearly half of the listed state-run companies have been incurring losses for many years due to a lack of competitiveness, in turn affecting stock investors. Of the total 18, seven are incurring losses while the rest booked profits in 2019-20, according to the data of the Dhaka Stock Exchange (DSE). State-run companies, which enjoy natural monopoly and do business in strictly regulated markets, are booking profits. However, those running in a competitive atmosphere are mostly incurring losses, according to the companies' business analysis. The seven loss-incurring companies deal with producing sugar, motorcycles, hotel services, cables and glass sheets.

• A big number of government run companies are not giving any dividends for many years so the stocks are providing nothing to their investors, said stock investor Abdul Alim. Renwick Jaineswar and Usmania Glass did not provide any dividend for the last two years. Moreover, Shyampur Sugar and Zeal Bangla Sugar have not paid any dividends in at least for the past two decades, the DSE data shows.

<https://www.thedailystar.net/business/news/nearly-half-the-state-run-entities-running-loss-2014205>

Now ICB Capital Management says it had no part in Best Holdings direct listing fiasco

• There is another twist to the saga of Le Méridien Dhaka's parent company Best Holdings's failed bid to enter the bourses to raise BDT 2.83 billion via the direct listing system for which it does not qualify for. In its application to the stock market regulator on November 12, it was mentioned that RACE Portfolio and Issue Management Company and ICB Capital Management were the issue managers for the direct listing. Now, ICB Capital Management, a subsidiary of the state-run Investment Corporation of Bangladesh, has come forward and said that it has no part to play in this fiasco.

• Moreover, to support its application, Best Holdings had furnished a letter signed by the

Finance Minister on September 8 recommending direct listing for privately held infrastructural development companies and as well as relaxation of certain rules. But, the finance ministry on Thursday issued a notice directing the regulatory bodies not to take any action on the basis of a letter purportedly signed by Finance Minister on Best Holdings's bid to enter the bourse to raise BDT 2.83 billion via the direct listing system.

<https://www.dhakatribune.com/business/stock/2020/12/20/now-icb-capital-management-says-it-had-no-part-in-bestholdings-direct-listing-fiasco>

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 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>

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>

Investment ceiling in savings bonds lowered for NRBs

• The government has lowered the maximum investment limit in national savings bonds for non-resident Bangladeshis (NRBs). Besides, the provision of honouring NRB investors with commercially important person (CIP) status following their investment in these bonds has been scrapped. Earlier, NRBs could invest a maximum of BDT 5.0 million separately in three savings bonds – Wage-Earners Development Bond, USD Premium Bond, and USD Investment Bond. According to the new guidelines, a maximum of BDT 10 million or its equivalent in foreign currency can be invested in these three bonds together.

• A former governor said that the pace of implementation of government development projects is slow due to the Covid-19 pandemic. The amount of loans taken by the government from the banking system is also much lower compared to last year. On the other hand, foreign exchange reserves are in a strong position due to high inflows of remittances. The government now has a lot of money in its hands, he said, adding that spending pressure is also low. This might be the reason why investment from NRBs has been discouraged.

<https://tbsnews.net/economy/investment-ceiling-savings-bonds-lowered-nrbs-174649>

Robi makes trading debut Thursday

• Robi Axiata, the largest ever IPO in Bangladesh's capital market history, will make its shares trading debut from December 24 (Thursday) under "N" category, officials said. After one decade, a multinational company is going to make trading debut in the country's stock market. The last listed MNC was Mumbai-based Marico Bangladesh in 2009.

• Robi, the country's second largest mobile phone operator, which received regulatory approval from the Bangladesh Securities and Exchange Commission (BSEC) on September 23, raised a capital of above BDT 5.23 billion under the fixed price method. Of the total fund, BDT 1.36 billion collected from its own employees under the employee share purchase plan (ESPP) and nearly BDT 3.88 billion through initial public offerings. Subscription of Robi took place between November 17 and November 23. IDLC Investments is the issue manager.

<https://today.thefinancialexpress.com.bd/stock-corporate/robi-makes-trading-debut-thursday-1608565016>

<https://www.dhakatribune.com/business/2020/12/21/robi-makes-its-debut-on-bourse-on-dec-24>

<https://www.thedailystar.net/business/news/robis-stock-market-debut-thursday-2015225>

BPDB to offload some of its Power Grid shares

• BPDB expressed its intention to sell 34.3 million shares out of its total 603.2 million shares at prevailing market price, said a company disclosure on Monday. The state-owned

organisation's shares will be sold within the next 90 working days, it also said. Power Grid made a profit of BDT 3.17 billion in the 2019-20 financial year. The company's earnings per share (EPS) is BDT4.45, and has declared a 20% cash dividend for shareholders. However, in the third quarter of the same fiscal, it witnessed an earning erosion of 30%. Its shares traded between BDT 36.10 and BDT 55.20 in the past year.

<https://www.dhakatribune.com/business/stock/2020/12/21/bpdb-to-offload-some-of-its-power-grid-shares>

<https://tbsnews.net/economy/stock/bpdb-sell-343-crore-pgcb-shares-90-days-174727>

RAK Ceramics to run at one-third the capacity for next month

• Production at two of RAK Ceramics's plants would be on recess for at least 30 days from December 21 for maintenance work, the company informed yesterday. One of its remaining two plants would be in operation at 50% capacity and the other one at 100%. Sanitary ware production lines will run at around 70% of capacity, said the UAE-based tiles manufacturer. The slowing down of production comes at a time when construction activities are returning to pre-pandemic levels and the company itself, which specialises in ceramic and gres porcelain wall and floor tiles and sanitaryware, was springing back to profit.

• In the first six months of 2020, the company racked up losses of BDT 37 million in contrast to a profit of BDT 342 million a year earlier. The two-and-a-half-month-long countrywide shutdown, which disrupted supply chains, halted production and shut stores, caused missed sales of BDT 1.92 billion, it said. In the July-September quarter, RAK Ceramics logged in profit of BDT 126 million, down 34.3% year-on-year.

<https://www.dhakatribune.com/business/2020/12/21/rak-ceramics-to-run-at-one-third-the-capacity-for-next-month>

BTRC lifts ban on telecommunication value-added services (TVAS) by Robi, Banglalink

• Bangladesh Telecommunication Regulatory Commission (BTRC) has temporarily withdrawn an order issued against leading mobile operators Robi and Banglalink to stop their telecommunication value-added services (TVAS). The regulator had issued the order on Monday after a probe revealed that subscribers were being charged for the service by the operators without their knowledge.

• Both mobile operators admitted to their faults and vowed to rectify the matter. They have been informed about the temporary withdrawal of the order, said BTRC Chairman. The TVAS operators provide services like news alert, songs, video and welcome tune for the four mobile operators in the country. The TVAS sector has an annual turnover of BDT 2 billion, according to high-ups in the telecommunications industry. Services such as news alerts, banking, insurance, telemedicine would have been affected had the regulator's order been implemented, with the customers suffering for it.

<https://today.thefinancialexpress.com.bd/trade-market/btrc-lifts-ban-on-tvas-by-robi-banglalink-1608655445>

<https://www.dhakatribune.com/business/2020/12/22/vas-bar-on-robi-banglalink-lifted>

<https://www.thedailystar.net/business/news/no-bar-now-two-telcos-value-added-services-2015841>

Rupali Bank lends BDT 3.50 billion ignoring banking norms

- State-run Rupali Bank has given about BDT 3.5 billion to 11 clients by violating the central bank's risk management guidelines. Between July 2017 and July 30 this year, the local office of the state-run bank has paid a total of BDT 3.4 billion as import bills to foreign companies on behalf of the clients, according to a document of the bank. The facilities were provided to the clients against a total of 119 letters of credit in three years. The amount has now crossed BDT 3.5 billion.
- But the bank has yet to create any loans against the 11 clients: Bashundhara Paper Mills, AA knitting, Julfikar Fashion, Mother Textile, Badar Spanning, ABS Garments, Beacon Pharma, Western Engineering, BD Thai, Sister Denim composite and MK Footwear, as per the document. Banks will have to create loans in the name of the client on the day of the payment of import bills on behalf of its client, according to the risk management guidelines of the central bank.
- Rupali's treasury department has issued the equivalent advice of import bills to the local office after paying from its nostro account but the local office did not respond to it until August 26 this year, as per the document. The companies have already imported their raw materials and machinery and gone into production. But they are yet to pay a single penny to the bank, said an official of the bank seeking anonymity

<https://www.dhakatribune.com/business/2020/12/22/rupali-bank-lends-BDT-350cr-ignoring-banking-norms>

Four state banks ordered to provide valuation on Best Holdings stake

- Sonali, Rupali, Janata, Agrani collectively bought 29.6% stakes in Best Holdings between August 2019 and June this year at BDT 65 a share, which has raised the eyebrows of analysts. The finance ministry on Tuesday asked the four state-run banks with stakes in the much-talked-about Best Holdings, the parent company of Le Méridien Dhaka, to furnish their valuation report with a matter of urgency. Subsequently, the finance ministry sent a letter to the managing directors of the four banks, ICB and ICB Capital Management demanding to see their valuation report along with the minutes of the board meetings in which the matter of stake purchase was discussed.

<https://www.dhakatribune.com/business/2020/12/22/four-state-banks-ordered-to-provide-valuation-on-best-holdings-stake>
<https://tbsnews.net/economy/stock/now-finance-ministry-look-best-holdings-175228>

Olympic Industries going big on expansion

- Olympic Industries, the maker of the popular Energy Plus biscuit, is going full steam ahead with its expansion plans. A total of 16 decimals land will be purchased for BDT 6 million to go with the 513.84 decimals it bought earlier in August. The company will also bear the expenses of BDT 0.65 million for registration and other miscellaneous changes. The disclosure comes after the company last month announced a fresh investment plan of BDT 420 million to expand its production capacity and introduce more premium variety cracker and hard dough biscuits. In October, the company announced bringing in new machinery, equipment and spares from China at an estimated cost of USD 579,000. Between July and September, the company logged in profit of BDT 570 million, up 2.2% from a year earlier.

<https://www.dhakatribune.com/business/2020/12/22/olympic-industries-going-big-on-expansion>

[expansion](#)

IPO market vibrant in Covid year

- Private companies have offloaded primary shares worth BDT 9.62 billion in the outgoing year, the highest amount in last six years, amid Covid-induced sluggish economic activities. With the latest one of Mir Akther Hossain, the country's capital market witnessed eight initial public offerings (IPOs) in 2020, boosting the market capitalisation significantly and increasing the depth of the market. The companies raised the highest amount of money from the market since 2014, when 20 IPOs having an aggregate value of BDT 12.63 billion were issued, according to the figures available with the Dhaka Stock Exchange (DSE).
- Battered by the Covid pandemic this year, insiders said, the companies raised such huge amount of funds on expectations that it might help stimulate their business strength in the post-pandemic period. Most part of the funds is, however, meant for business expansion, repayment of loans and meeting the working capital requirements. The market also has seen the entry of the largest ever IPO during the outgoing year.
- Three companies used the book-building method - Walton Hi-Tech Industries (BDT 1.0 billion), Energypac Power Generation (BDT 1.50 billion) and Mir Akther Hossain (BDT 1.25 billion). The subscription of Mir Akther will begin on December 24. Five other companies raised funds through using fixed-price method - Robi Axiata (BDT 5.23 billion), Dominage Steel Building Systems (BDT 300 million), Express Insurance (BDT 260.79 million), Associated Oxygen (BDT 150 million), and Crystal Insurance (BDT 160 million).

<https://today.thefinancialexpress.com.bd/first-page/ipo-mkt-vibrant-in-covid-year-1608399259>

Regulator to weigh potential of OTC market companies

- The stock market regulator has initiated a move to look into the business potential of the companies trading over-the-counter (OTC) as part of efforts to bring them back to the main board of the exchanges. The Bangladesh Securities and Exchange Commission (BSEC) has instructed Dhaka and Chattogram stock exchanges to appoint special auditors to review the business potential of 21 companies that are in operation. They want to examine the better companies of the OTC market and bring them to the main board, said a top official of the BSEC, preferring anonymity.
- At present, 64 stocks trade on the OTC. The regulator also ordered the bourses to submit an in-depth report on another 43 companies that are also listed with the OTC market. The bourses will evaluate the financial reports of the companies along with their business performance, production capacity, land and other tangible assets. Retail investors welcome the move.

<https://www.thedailystar.net/business/news/regulator-weigh-potential-otc-market-companies-2014177>

Direct listing policy for private sector projects now uncertain

- The Ministry of Finance on Thursday, asked the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank not to proceed with its previous recommendation about direct listing of private sector projects. A letter – signed by Finance Minister's Private Secretary and sent to Bangladesh Bank Governor and the BSEC Chairman on

Thursday – requested the two offices not to act upon the finance minister's previous letter (sent on 8 September, 2020) until further notice.

- In the previous letter Finance Minister had instructed the central bank and stock market regulator to pave the way for direct listing of private sector projects sharing at least 20% equity with state-owned banks. Getting many state-owned companies directly listed on the stock exchanges in the 2000's, the stock market also at first welcomed some private sector companies. But, due to overpricing and controversy, the BSEC closed down the liberal listing window in 2016, ordering that only government companies can avail direct listing facility and no private sector company can be directly listed.

<https://tbsnews.net/economy/stock/direct-listing-policy-private-sector-projects-now-uncertain-173107>

Three pharma companies ordered to repay intercompany loans

- The Bangladesh Securities and Exchange Commission (BSEC) recently ordered Orion Pharma, Orion Infusion and Active Fine Chemicals Ltd to explain their non-compliance to rules for intercompany loans. The regulator has also asked them to return those loans along with accrued interest from sister or associate companies within 15 days. According to the BSEC, Orion Pharma has provided BDT 5.29 billion in loans to its sister companies without charging any interest income on the fund while the listed company itself is bearing BDT 95.3 million in interests against its total bank loans of BDT 7.01 billion, as of 31 March, 2020.

- The capital market regulator in its letter on 20 December said the intercompany loans contradict with the Commission's 2006 notification which aimed at curbing intercompany loans by listed companies that might deprive public shareholders. Orion Infusion Ltd, another listed company of Orion Group provided BDT 63.7 million to its associate company Orion Pharma Ltd and did not charge any interest over the last five years. On the other hand, Active Fine Chemicals lent AFC Health Ltd, a company connected to the same sponsor-directors, BDT 105.1 million as a short term loan. It charged 15% interest, but gave a waiver for the first two years, which also contradicts with BSEC notification.

<https://tbsnews.net/economy/stock/three-pharma-companies-ordered-repay-intercompany-loans-174721>