

## Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.98%) lost -107.48 points and closed the week at 5,327.22 points. The blue-chip index DS30 (-2.55%) lost -52.99 points and stood at 2,020.90 points. The Shariah-based index DSES (-2.40%) lost -29.99 points and stood at 1,217.69 points. The large cap index CDSET (-2.05%) lost -23.72 points and closed at 1,133.53 points. DSEX, DS30, DSES and CDSET showed YTD returns of -1.39%, +2.90%, -1.97%, +0.93%, respectively.

**Total Turnover During The Week (DSE):** BDT 30.1 billion (USD 354 million)  
**Average Daily Turnover Value (ADTV):** BDT 6.0 billion (Δ% Week: -8.4%)

**Market P/E:** 18.4x

### Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed negatively by -1.56%. Market reverted to positive in the second session by +1.17% and continued to be positive in the third session by 0.03%. The market then turned negative in the fourth and fifth session by -1.54% and -0.05%, respectively.

### Sectoral Performance:

- All the financial sectors registered negative performance this week NBFIs experienced the highest loss of -4.49% followed by Mutual Fund (-3.65%), Life Insurance (-1.12%), Bank (-0.09%), and General Insurance (+4.64%).

- All the non-financial sectors registered negative performance this week except Food & Allied (+5.48%), Pharmaceutical experienced the highest loss of 2.02% followed by Fuel & Power (-1.90%), Engineering (-1.43%), and Telecommunication (-1.35%).

### Macroeconomic arena:

- The central bank on Wednesday extended again the policy relaxation involving loan repayments to the country's scheduled banks by their borrowers. The borrowers would get three more months' time to repay their due loan instalments on the basis of banker-customer relationship because of the resurgence of the Covid-19.

- Ask any well-known realtor for a flat ready for sale, chances are there will be just a handful of offers. However, assurances will be aplenty that more are being erected in some ongoing projects. Most ready-for-occupants flats in Dhaka, the key market for real estate, have been sold out. Demand has soared after the government allowed unquestioned amnesty for investment of illegal and undisclosed money, or in other words untaxed money, on land and flats on payment of certain amount of tax, which would be calculated based on the property's size and location.

- The central bank yesterday imposed a dividend cap of 30% on non-bank financial institutions (NBFIs). Of the amount, the NBFIs will have to pay 15% in the stock dividend, and the rest will be paid in the form of cash. On February 24, the Bangladesh Bank had barred the NBFIs from paying more than 15% in cash dividend. It said nothing about the stock dividend. But some of the NBFIs, along with the Bangladesh Merchant Bankers Association, repeatedly requested that the central bank reconsider the decision to allow the payment of more than 15% dividend.

### Stock Market arena:

- Bangladesh Securities and Exchange Commission (BSEC) issued a statement on Monday saying the share trading will continue as usual amid Covid-19 pandemic and urged the investors not to pay heed to any market closure rumour. Share trading will continue as usual at any situation, including the Covid-19 pandemic, as long as banking activities remain operational.

- The Dhaka Stock Exchange (DSE) has completed all the technical preparations to launch the Alternative Trading Board (ATB) where eligible non-listed securities can be traded. All types of investors will be able to participate in trading on the ATB. Trading and settlement will be similar to the processes followed for the securities on its mainboard.

- Beacon Pharmaceuticals, the local pioneer of oncology product manufacturing, may export USD 5 million worth of pharmaceuticals to Syria by December this year -- a huge development for the local pharma industry. The shipment will make Syria the single largest export destination for Bangladeshi pharmaceuticals.

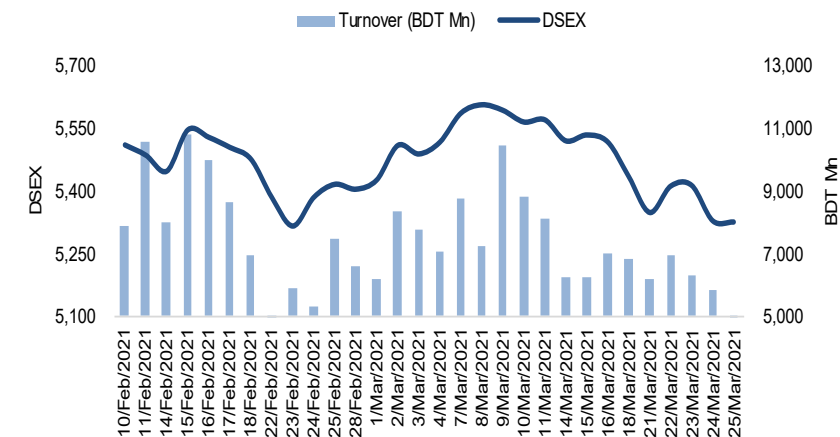
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	5,327.22	5,434.69	-107.48	5,402.07	-1.98%	-1.39%
DS30	2,020.90	2,073.89	-52.99	1,963.96	-2.55%	+2.90%
DSES	1,217.69	1,247.68	-29.99	1,242.11	-2.40%	-1.97%
CDSET	1,133.53	1,157.25	-23.72	1,123.03	-2.05%	+0.93%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,633,946	4,720,976	-1.8%
	Mn USD	54,543	55,567	
	Mn BDT	30,088	26,279	+14.5%
Turnover	Mn USD	354	309	
	Mn BDT	6,018	6,570	-8.4%
	Mn USD	71	77	
Volume	Mn Shares	811	678	+19.6%

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
NRBCBANK	12.5	10.0	+25.0%	8,781	794.2	3.8x	0.8x
NITOLINS	48.8	40.3	+21.1%	1,962	193.1	8.4x	1.8x
ASIAPACINS	61.0	50.9	+19.8%	2,583	71.2	33.6x	2.9x
PREMIERLEA	6.3	5.5	+14.5%	838	18.8	31.8x	0.3x
PURABIGEN	24.8	22.2	+11.7%	1,372	71.0	21.5x	1.9x
CONTININS	33.7	30.3	+11.2%	1,348	65.6	25.4x	1.7x
PARAMOUNT	115.7	106.0	+9.2%	3,921	65.1	21.5x	4.3x
REPUBLIC	47.2	43.4	+8.8%	2,189	480.4	21.1x	3.1x
ICBIBANK	3.9	3.6	+8.3%	2,592	13.1	NM	NM
MERCINS	33.1	30.6	+8.2%	1,426	47.1	18.6x	1.7x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
ANLIMAYARN	36.6	46.0	-20.4%	654	102.9	NM	3.2x
FINEFOODS	50.5	58.1	-13.1%	706	109.8	NM	4.8x
BDTHAI	19.9	22.8	-12.7%	2,543	62.2	27.5x	0.7x
GBBPOWER	27.8	31.7	-12.3%	2,830	610.9	20.5x	1.4x
LRBDL	37.8	43.1	-12.3%	5,490	433.6	25.5x	1.1x
BEACONPHAR	108.9	124.1	-12.2%	25,156	356.6	41.7x	5.3x
LANKABAFIN	28.2	32.1	-12.1%	15,195	1,286.0	21.4x	1.6x
EGEN	28.7	32.5	-11.7%	2,153	105.7	28.0x	1.4x
ARAMITCEM	26.1	29.5	-11.5%	884	34.3	NM	1.0x
RAHIMAFOD	236.7	266.7	-11.2%	4,734	497.1	NM	24.6x

**Table 5: Top Ten Most Traded Shares**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	73.1	77.2	-5.3%	64,059	3,571	NM	1.1x
BXPHARMA	186.2	180.6	+3.1%	83,066	2,033	20.8x	2.3x
ROBI	44.3	46.6	-4.9%	232,040	1,604	NM	3.5x
LANKABAFIN	28.2	32.1	-12.1%	15,195	1,286	21.4x	1.6x
PREMIERBAN	13.6	12.7	+7.1%	13,196	864	6.4x	0.6x
NRBCBANK	12.5	10.0	+25.0%	8,781	794	3.8x	0.8x
LHBL	50.6	53.8	-5.9%	58,765	746	24.9x	3.4x
SQURPHARMA	200.4	213.4	-6.1%	177,645	666	12.5x	2.2x
BATBC	542.2	532.4	+1.8%	292,788	645	26.9x	2.9x
GBBPOWER	27.8	31.7	-12.3%	2,830	611	20.5x	1.4x

**Table 8: Most Appreciated YTD in BRAC EPL Universe**

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ROBI	44.3	+48.7%	232,040	NM	3.5x
BATBC	542.2	+37.8%	292,788	26.9x	2.9x
BERGERPBL	1,754.9	+22.8%	81,389	32.9x	8.3x
RECKITTBN	4,647.7	+14.8%	21,960	30.1x	42.6x
SUMITPOWER	43.3	+11.3%	46,239	8.4x	1.3x
HEIDELCEM	164.7	+10.1%	9,306	NM	2.4x
SQUARETEXT	32.8	+10.1%	6,470	NM	0.9x
WALTONHIL	1,206.8	+8.3%	365,574	47.8x	6.9x
RENATA	1,174.2	+6.1%	114,424	25.9x	5.0x
LHBL	50.6	+5.9%	58,765	24.9x	3.4x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,313.13	1,314.38	1,372.63	-0.09%	-4.33%
NBFIs	1,727.81	1,809.09	2,033.53	-4.49%	-15.03%
Mutual Funds	784.27	813.96	959.61	-3.65%	-18.27%
General Insurance	3,190.62	3,049.12	4,103.56	+4.64%	-22.25%
Life Insurance	1,977.82	2,000.15	2,162.58	-1.12%	-8.54%
Telecommunication	6,091.46	6,175.10	5,463.26	-1.35%	+11.50%
Pharmaceuticals	3,257.44	3,324.67	3,306.03	-2.02%	-1.47%
Fuel & Power	1,635.83	1,667.47	1,618.11	-1.90%	+1.10%
Cement	1,572.73	1,599.73	1,416.18	-1.69%	+11.05%
Services & Real Estate	1,067.52	1,067.73	1,083.79	-0.02%	-1.50%
Engineering	4,337.15	4,400.25	3,959.20	-1.43%	+9.55%
Food & Allied	21,232.22	20,128.83	14,705.76	+5.48%	+44.38%
IT	2,060.67	2,103.18	2,350.28	-2.02%	-12.32%
Textiles	1,005.81	1,022.87	1,087.41	-1.67%	-7.50%
Paper & Printing	5,240.60	5,377.44	5,487.56	-2.54%	-4.50%
Tannery	1,662.29	1,677.77	1,771.77	-0.92%	-6.18%
Jute	8,911.91	9,612.17	12,154.61	-7.29%	-26.68%
Ceramics	440.82	441.09	472.38	-0.06%	-6.68%
Miscellaneous	3,419.81	3,425.58	2,539.70	-0.17%	+34.65%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	734.0	552.0	+33.0%	13.6%	7.3x	0.7x
NBFI	368.1	412.6	-10.8%	6.8%	50.9x	2.8x
Mutual Fund	58.0	74.4	-22.1%	1.1%	NM	0.7x
General Insurance	495.1	242.0	+104.5%	9.2%	16.7x	1.6x
Life Insurance	15.1	14.4	+4.9%	0.3%	NM	NM
Telecommunication	431.6	583.4	-26.0%	8.0%	19.4x	6.2x
Pharmaceutical	789.0	786.8	+0.3%	14.6%	20.5x	2.5x
Fuel & Power	538.1	922.5	-41.7%	9.9%	12.8x	1.4x
Cement	176.2	299.6	-41.2%	3.3%	24.7x	2.2x
Services & Real Estate	54.8	84.6	-35.2%	1.0%	NM	0.9x
Engineering	327.3	438.5	-25.4%	6.0%	33.0x	2.6x
Food & Allied	330.1	431.5	-23.5%	6.1%	34.9x	3.4x
IT	53.4	88.4	-39.6%	1.0%	24.4x	1.8x
Textile	109.8	222.7	-50.7%	2.0%	NM	0.7x
Paper & Printing	22.6	40.5	-44.3%	0.4%	58.6x	1.0x
Tannery	32.9	36.2	-9.0%	0.6%	NM	1.7x
Jute	23.8	37.5	-36.6%	0.4%	NM	14.1x
Ceramics	29.7	30.1	-1.6%	0.5%	56.7x	1.5x
Miscellaneous	821.4	918.1	-10.5%	15.2%	51.5x	1.8x

**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	-17.3%	3,362	NM	11.9x
IPDC	23.1	-16.3%	8,572	12.4x	1.4x
MPETROLEUM	169.7	-14.3%	18,364	6.3x	1.1x
IDLC	55.2	-12.9%	20,813	10.4x	1.5x
PRIMEBANK	15.1	-11.7%	17,097	14.3x	0.6x
OLYMPIC	170.4	-10.8%	34,070	16.6x	4.1x
CONFIDCEM	103.2	-10.7%	8,074	9.5x	1.4x
LANKABAFIN	28.2	-10.2%	15,195	21.4x	1.6x
BRACBANK	40.3	-9.0%	53,433	12.6x	1.2x
ACMELAB	68.0	-9.0%	14,389	9.8x	0.7x

## Important News: Business & Economy

### Still a lucrative apparel sourcing hub

• Bangladesh's attractiveness as an apparel-sourcing destination has remained potent despite increased competition in recent years, according to a new survey of management consulting firm McKinsey & Company. Although the 2019 Chief Procurement Officers (CPO) survey of McKinsey pointed to Bangladesh as the top global sourcing hotspot, Vietnam was close behind and was the preferred sourcing country among US executives. The firm came up with the survey on Bangladesh after 10 years. It first published such a report in 2011, which had painted a rosy picture. In fact, all the predictions made by the McKinsey report in 2011 came true over the last decade.

• Over the last decade, the garment industry in Bangladesh has experienced an unprecedented blooming, the survey report said, adding that recently, however, pandemic pressure and shifts in global markets have brought stiff challenges. In order to meet the challenges, the sector will need to innovate, upgrade and diversify, investing especially in flexibility, sustainability, worker welfare and infrastructure, the report said.

• Data from European and US imports indicate that Vietnam likely overtook Bangladesh in 2020—pushing Bangladesh's readymade garment industry out of its position as the second-largest garment-exporting country in the world after China, it said. Bangladesh's RMG sector remains a strong exporter to Europe's fashion industry and has grown its market share significantly over the past decade, it said. However, this trend may not continue because a new preferential trade agreement between the European Union and Vietnam, launched in August 2020, could lead to apparel exports from Vietnam outperforming Bangladesh's. Among the US apparel importers, Vietnam has outpaced Bangladesh's RMG industry for some time. In 2020, Vietnamese apparel imports into the US were worth 2.5 times those from Bangladesh. As buyers from the US move sourcing out of China, Vietnam is proving to be the biggest winner.

<https://www.thedailystar.net/business/news/still-lucrative-apparel-sourcing-hub-2066433>

### Bangladesh Bank again extends loan repayment relaxation

• The central bank on Wednesday extended again the policy relaxation involving loan repayments to the country's scheduled banks by their borrowers. The borrowers would get three more months' time to repay their due loan instalments on the basis of banker-customer relationship because of the resurgence of the Covid-19, officials said.

• Since January last year banks have stopped classifying loans in the event of failure to repay of loan instalments under instructions from the Bangladesh Bank (BB). Borrowers will be able to clear their instalments on continuous, demand and term loans by June 30 instead of March 2021 on the basis of banker-customer relationship, according to a notification, issued by the Bangladesh Bank (BB) on Wednesday. Such loans would not be considered as classified, if the borrowers would repay their instalments within June 30, 2021 instead of March this year, it added.

• Under the policy of relaxation, unpaid interest for 2020 on continuous loans would have to be cleared in six quarterly instalments from March 2021 to June 2022. Such continuous loans would not be considered as classified until June 2022, if the borrowers would clear unpaid interest on the loans with quarterly instalments, it added.

• On the other hand, the borrowers were allowed to repay their demand loans covering both

interest and principal amount within eight quarterly instalments from March 2021 to December 2022, the notification added. The demand loans would not be treated as non-performing loans (NPLs) during the period under review, if the instalments would be paid as per requirements.

<https://today.thefinancialexpress.com.bd/first-page/bb-again-extends-loan-repayment-relaxation-1616609324>

<https://www.thedailystar.net/business/news/fresh-loan-moratorium-hinges-bank-client-relations-bb-2066421>

<https://www.tbsnews.net/economy/banking/none-be-classified-defaulter-now-221590>

### No decision on private sector's forex reserve use : Finance Minister

• The government is yet to decide on letting private sector use funds from the country's foreign currency reserve. (It is) yet to be decided. Our requirement has to be calculated first. A policy will be definitely formulated (in this regard), said Finance Minister. Replying to another query, the minister said paying money from the forex reserve to public entities meant the fund was going from the government's one hand to another.

• The government on March 15, for the first time, rolled out funds from the foreign exchange reserve, by forming the Bangladesh Infrastructure Development Fund (BIDF). A project for capital and maintenance dredging of Rabnabad channel of Payra seaport was given 524.56 million euro from the central bank's forex reserve at 2.0% interest rate.

<https://today.thefinancialexpress.com.bd/first-page/no-decision-on-pvt-sectors-forex-reserve-use-kamal-1616609255>

<https://www.thedailystar.net/business/news/no-decision-yet-lending-private-sector-reserves-2066425>

<https://www.tbsnews.net/economy/no-decision-yet-lend-private-sector-forex-reserves-finance-minister-221572>

### Nagad in ownership search

• Nagad, the fastest growing Mobile Financial Service (MFS) provider, is still operating without acquiring a licence from the Bangladesh Bank even two years into its inception because of an ownership crisis, presenting a risk to its 38 million registered customers. Since its beginning on 26 March 2019, Nagad, operated by the Third Wave Technologies Limited, has been branding itself as a state-run MFS provider with the Bangladesh Post Office having the ownership of it. But in reality, the government has no stake in it. Nagad, in which Sigma Group has majority investment, is providing services through the MFS agreement with the Bangladesh Post Office, which is not acceptable to the Bangladesh Bank for availing a licence.

• The Bangladesh Post Office requires at least 51% share of Nagad to get the MFS licence, according to the MFS guidelines of the Bangladesh Bank. As the shareholding process has not been done yet, the Bangladesh Post Office has not been able to even apply for the licence in the past two years. The Bangladesh Bank issued a no objection certificate on request of the Bangladesh Post Office in March last year on a temporary basis to operate the MFS. But, it took a third-time extension to its NOC, which will expire in June for completing the licensing process.

• Nagad is now the second-largest MFS provider in Bangladesh with daily transactions amounting to BDT 4 billion. The number of Nagad's customers and its market share are growing fast but the company's transactions have remained unregulated, which is

vulnerable for customers, said a senior executive of the central bank. Nagad obtained more than 30% market share in its two-year journey but nobody knows whether the company is compliant with the MFS regulations as the Bangladesh Bank has no monitoring on it, the official said, seeking anonymity.

<https://www.tbsnews.net/companies/nagad-ownership-crisis-221131>

### **Import trade policy support extended**

- The central bank has extended different policy supports for import trade until June 30 instead of March 31 this calendar year, officials said. Given the ongoing situation due to the Covid-19, it has been decided to continue the policy supports till June 30, 2021, the Bangladesh Bank (BB) said in a notification on Wednesday.

- Under the policy supports, advance payment up to USD 0.50 million or equivalent can be made without repayment guarantee for import of coronavirus related life-saving drugs, medical kits/equipment and other essential medical items. The central bank also allowed usance period for input imports by industrial importers up to 360 days instead of 180 days. In addition, usance period has been extended up to 360 days instead of 180 days against imports of agricultural implements and chemical fertilizers.

<https://today.thefinancialexpress.com.bd/first-page/import-trade-policy-support-extended-1616609777>

<https://www.thedailystar.net/business/news/payment-rules-eased-covid-drug-import-2066409>

<https://www.tbsnews.net/companies/nagad-ownership-crisis-221131>

### **Nagad says client base surging at record pace**

- Bangladesh Postal Department's digital financial service Nagad has seen around 180,000 new clients joining its network every day recently, said a press release. On an average, 150,000 people have registered with Nagad every day in the last two weeks, the company said in the release. Around 185,000 people joined Nagad's platform on February 17 and a similar pace of client registration was observed on the day before and after. The number of Nagad clients has surpassed 30 million. The company said that the Nagad app download had gone up to such a level that it was on the top chart of Google Play Store among apps from Bangladesh.

<http://www.newagebd.net/article/130975/nagad-says-client-base-surging-at-record-pace>

### **Private investors to own 49% stake in Nagad, govt 51%**

- Private investors will hold a 49% stake in Nagad Ltd and the postal department the rest as the government looks to run the mobile financial service as a subsidiary, its top executive said yesterday. The postal department owns 100% of the shares of Nagad at the moment. Under a planned new ownership structure, private companies will collectively own 49% shares of Nagad, and the rest will be controlled by the postal department, said the managing director of Nagad.

- Third Wave Technologies has been giving technological and logistics supports to the postal division since March 2019, when it rolled out the service commercially. The private company now enjoys 49% of the total revenues in exchange for providing technological supports. But it does not own any share at the moment. Third Wave Technologies has recently been renamed Nagad Ltd, which will operate as a subsidiary of the postal

department. They are in talks with one of the global tech giants. They have completed primary discussions. Due diligence has been completed. They will declare the name of the tech giant once they get the final licence from the central bank.

<https://www.thedailystar.net/business/news/private-investors-own-49pc-stake-nagad-govt-51pc-2065825>

<https://www.dhakatribune.com/business/2021/03/23/share-transfer-dilemma-grips-nagad-from-receiving-final-nod>

### **Uttara Motors to invest BDT 2.85 billion in local Suzuki car plant**

- Uttara Motors Ltd is going to invest USD 33.63 million (BDT 2.85 billion) to build a local plant to assemble and manufacture Suzuki cars in Bangladesh, according to the Bangladesh Economic Zones Authority (Beza). The leading automobile group of the country signed an agreement with Beza on Wednesday to lease a 50-acre plot at Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

- Suzuki Motors is a leading Japanese automobile company, which has a global presence with a tremendous track record of manufacturing partnership with local firms. In India, its joint venture with the government turned out to be a legend as over half of India's sizable car market is served by the company. However, Bangladesh is a different story for Suzuki as less than 500 of the over 15,000-25,000 imported cars annually sold here are Suzuki vehicles. Automobile analysts blame the market's love for reconditioned Japanese cars that are preferred as better value for money as car import duties are extremely high in Bangladesh. The local plant will help expand Suzuki's market in Bangladesh significantly as localisation is expected to bring unit prices down to make cars affordable to the masses

<https://www.tbsnews.net/node/221668>

### **Non-banks' dividend capped at 30%**

- The central bank yesterday imposed a dividend cap of 30% on non-bank financial institutions (NBFIs). Of the amount, the NBFIs will have to pay 15% in the stock dividend, and the rest will be paid in the form of cash. On February 24, the Bangladesh Bank had barred the NBFIs from paying more than 15% in cash dividend. It said nothing about the stock dividend. But some of the NBFIs, along with the Bangladesh Merchant Bankers Association, repeatedly requested that the central bank reconsider the decision to allow the payment of more than 15% dividend.

- They misinterpreted the issue, alleging that the instructions of giving 15% cash dividend have already put an adverse impact on the capital market, said a central bank official. The BB asked some of the NBFIs in the first week of February not to declare dividends in excess, given the ongoing slowdown in business. Still, some of the NBFIs announced excessive cash dividend, ignoring the regulatory instruction. The central bank has issued the notice with the revision to bring an end to all misinterpretations. This is the first time in recent years that the BB gave a directive to the NBFIs to be cautious in providing dividends, given the vulnerable financial health of some lenders.

<https://www.thedailystar.net/business/news/non-banks-dividend-capped-30pc-2065261>

<https://www.tbsnews.net/economy/stock/dividend-limit-set-30-non-bank-financial-institutions-220528>

<https://www.newagebd.net/article/133455/nbfis-dividend-ceiling-set-at-30-per-cent>

<https://www.dhakatribune.com/business/banks/2021/03/23/nbfis-can-now-give-out-30-dividend-to-shareholders>



## Japan EZ to start full-swing operation in 2023

• Japanese Economic Zone (EZ) is expected to go into operation in full swing by 2023 as all development work of the zone is likely to be completed by June of the year, reports BSS. Executive Chairman of the Bangladesh Economic Zones Authority (BEZA) said that the zone would become an investment hub for the Japanese investors and it would create a new chapter for Foreign Direct Investment (FDI) in Bangladesh. It is expected that 100 Japanese companies will set up their factories in the zone, he added.

• A certain portion of the zone might be handed over to investors at the end of this year for construction of factories and other necessary tasks, a project official said. The Project Director of the Japanese Economic Zone Development Project said the goal of the zone was to expand the facilities of diversifying industries to produce various commodities and create a friendly environment for attracting investors.

<https://today.thefinancialexpress.com.bd/trade-market/japan-ez-to-start-full-swing-operation-in-2023-1616514105>

## Bike makers seek duty benefits for raw materials

• Motorcycle manufacturers have demanded duty benefits on component and raw material imports in order to reduce the cost of production and develop the local two-wheeler industry. Motorcycle Manufacturers and Exporters Association of Bangladesh (MMEAB) and Bangladesh Honda Private Ltd (BHL) separately placed this demand yesterday to the National Board of Revenue (NBR) at the budget proposal for next fiscal, held in the first week of March. In his budget proposal, Himihiko Katsuki, managing director and chief executive officer of BHL, said that there is no doubt that the local motorcycle market has great potential to grow through support from the country's large population and steady economic growth.

• To free up some of its own resources, BHL signed a memorandum of understanding with Runner Automobiles Limited (RAL) on February 11 for the latter to produce certain components. At present, over 3.0mn motorcycles are plying the streets in Bangladesh while the annual demand has reached around 500,000 units, according to data from the Bangladesh Road Transport Authority.

<https://www.thedailystar.net/business/news/bike-makers-seek-duty-benefits-raw-materials-2065821>

## Joint ventures in EPZs now eligible for export loans

• The central bank yesterday allowed "Type-B" companies in export processing zones (EPZs) to enjoy foreign currency loans from an export development fund (EDF). A good number of companies in the EPZs have been facing a slowdown in business over the past couple of months due to the coronavirus pandemic, which has played a role in the "Type-B" companies being made eligible for the EDF loans, said a central bank official. Joint venture companies with foreign and Bangladeshi ownerships are treated "Type-B". The eligible companies can use the fund to settle back-to-back letters of credit, which helps them smoothly procure industrial raw materials.

• This will ultimately help them produce items for export on time. A company, which is a member of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), will be permitted to avail a maximum of USD 25 million from the EDF.

<https://www.thedailystar.net/business/news/joint-ventures-epzs-now-eligible-export-loans-2065257>

<https://www.tbsnews.net/economy/rmg/joint-venture-apparel-factories-get-export-development-loans-220516>

<https://www.newagebd.net/article/133453/jv-apparel-exporters-in-epz-to-get-edf-loans>

## Payment pause for borrowers likely to be extended further

• The Bangladesh Bank is likely to further extend the moratorium on the payment of loan instalments in the face of mounting pressure from the business community amid a slowdown in economic activities due to a second wave of infections. Quarterly instalment payment against term loans is supposed to start from March after the payment deferral facility was lifted in January this year. Now, business people are pursuing the central bank to extend the payment pause till June. A senior executive of the Bangladesh Bank said they will reconsider extending the facility after analyzing the payment situation of banks.

• Not all borrowers will be given the payment deferral facility, the official said, adding that the central bank is working on how to provide the facility. Bankers are not willing to extend this facility, while the business community wants it. So, the central bank will find a way to balance the two scenarios, he added. In March last year, the central bank suspended loan classification aiming to support businesses affected by the pandemic. Borrowers enjoyed the payment pause facility throughout 2020.

<https://www.tbsnews.net/economy/banking/payment-pause-borrowers-likely-be-extended-further-220612>

## Booming orders bolster e-commerce logistics

• Logistics companies that cater to online businesses in Bangladesh have prospered during the coronavirus pandemic, as an increasing number of people moved to digital platforms to make purchases. The convenience of being able to shop for most products from the comfort of one's home is a key driving force behind the massive growth in online retail platforms and e-commerce as well. Besides, online retail platforms make it possible for people to avoid the risk of infection since the goods are delivered to their doorstep, usually by independent logistics aggregators. This led to a 50% spike in home deliveries amid the pandemic, according to industry insiders.

• Logistics companies related to online sales have huge potential in Bangladesh as e-commerce currently accounts for just one% of the total retail sales, said the chief executive officer of AjkerDeal, an e-commerce platform. That's why many new players are coming into the business while existing players are ramping up their capacities, he added. Sensing the huge prospect of logistics in Bangladesh, Indian end-to-end e-commerce logistics solution provider Ecom Express acquired a majority stake in Bangladesh's home delivery service provider Paperfly for around BDT 1.00 billion in January.

• According to Ahmed, the main challenge for the growth of e-commerce in Bangladesh, and subsequently, logistics, lies in creating a broad range of sellers. In Bangladesh, when it comes to getting delivery orders from e-commerce platforms, they find most of the sellers are located in the capital. E-commerce logistics will get a shot in the arm if we can create millions of sellers outside Dhaka.

<https://www.thedailystar.net/business/news/booming-orders-bolster-e-commerce-logistics-2064665>

## Jul-Feb agri loan flow grew by over 7.0%

• Farm credit disbursement grew by more than 7.0% in the first eight months of fiscal year (FY) 2020-21 as demand for such loan picks up for seasonal effects. Disbursement rose to BDT 161.81 billion in the July-February period from BDT 150.92 billion in the same period of FY '20, disclosed the latest data of the Bangladesh Bank (BB). BB seniors are scheduled to meet eight state-owned banks by the last week of March to review the state of disbursement and recovery, a BB officials said. Of the BDT 161.81 billion, the eight state lenders disbursed BDT 73.32 billion. Private commercial banks and foreign commercial banks loaned the remaining BDT 88.49 billion.

• Loan recovery rose to BDT 174.92 billion during the period under review from BDT 155.08 billion in the same period of the previous fiscal. The exiting uptrend in agriculture loan disbursement is expected to continue until June 2021, BKB managing director said.

<https://today.thefinancialexpress.com.bd/last-page/jul-feb-agri-loan-flow-grew-by-over-70pc-1616348125>

## Rising imports leave little room to use reserves for development projects

• The government's plan to use foreign exchange reserves to bankroll infrastructure projects may face difficulty in the current fiscal year as rising imports will leave little leeway for making such lending. If the monthly import expenditure of January is taken into consideration, Bangladesh now has foreign exchange reserves that can cover import expenditures for 5.94 months, below the comfortable level of six months. The reserves, aided by robust remittance and lower imports, stood at USD 44.04 billion on February 28 before coming down to USD 42.98 billion on March 10, according to the latest data of the Bangladesh Bank. Import payments were USD 7.23 billion in January, up 35.64% year-on-year.

• The overall import declined by 0.23% from July to January. It, however, has been rising since January because of the recovery of the economy from the pandemic-induced slowdown. On March 15, the government, for the first time, took a move to lend money from the forex reserves for a development project. It sanctioned a loan of 524.56 million British pounds, or BDT 54.17 billion, from the reserves for the dredging of a channel for Payra Port, a seaport in Kalapara, Patuakhali. The government has formed the Bangladesh Infrastructure Development Fund (BIDF) to lend money from the reserves.

• Because of the plan of buying a massive quantity of food grains from external sources, the import would get momentum in the coming months. A sharp pick-up in import payments to more than USD 7.2 billion in January is a good reminder that this can't be taken for granted, said a former lead economist of the World Bank's Dhaka office.

<https://www.thedailystar.net/business/news/rising-imports-leave-little-room-use-reserves-dev-projects-2064085>

## Bangladesh Bank avoids gold despite value addition

• Bangladesh's investment in the form of gold has gained value by over 37% to reach around USD 554 million over the last 10 years. The country's central bank, for the first time on September 07, 2010, had purchased 10 tonnes of gold from the International Monetary Fund (IMF) by investing USD 403 million to diversify its foreign currency reserve. Through this purchase, the Bangladesh Bank (BB) increased its gold holding to 13.5 tonnes from 3.5

tonnes earlier to minimise foreign currency valuation losses caused by the volatility in the global foreign exchange market.

• Gold's share of Bangladesh's foreign exchange reserve rose to around 5.0% in 2010 from 1.3% earlier. But it fell to nearly 2.0% on March 15 this year, which was the lowest in South Asia. The unrealised return on such investment stood at more than USD 150 million as on March 15 despite the volatility of gold prices in the international market, according to officials. Despite higher returns, the central bank did not go for fresh investment in the yellow metal even in 2020, the year of Covid-19 pandemic, when the central banks of some other countries had expressed their willingness to enhance their investment portfolios in gold to avert uncertainty.

• They're not interested in buying the precious metal from the open market excepting the auction of the IMF or any central banks, a BB senior official told the FE while explaining the investment strategy for the gold. The central bank may think of investing more in gold in the future if its price becomes normalised, according to the central banker.

<https://today.thefinancialexpress.com.bd/first-page/bb-avoids-gold-despite-value-addition-1616260586>

## Ready flats almost sold out

• Ask any well-known realtor for a flat ready for sale, chances are there will be just a handful of offers. However, assurances will be aplenty that more are being erected in some ongoing projects. Most ready-for-occupants flats in Dhaka, the key market for real estate, have been sold out. Demand has soared after the government allowed unquestioned amnesty for investment of illegal and undisclosed money, or in other words untaxed money, on land and flats on payment of certain amount of tax, which would be calculated based on the property's size and location.

• A fall in interest rates on loans for home purchase and a bearish trend in the stock market further fuelled demand for new homes, doing away with troubled times faced by the home and property builders two to three years ago. In May 2018, there were around 11,000 flats lying unsold, said the Real Estate and Housing Association of Bangladesh (REHAB) at that time. But now turning newspaper pages reveals advertisements from developers fervently looking for land for building homes or creating commercial spaces. The influencing factors include the demand increase, the government policy support, a reduction in flat registration fees and availability of cheaper home loans, REHAB President said.

<https://www.thedailystar.net/business/news/ready-flats-almost-sold-out-2064093>

## Important News: Capital Market

### State-run Gas Transmission Company Limited (GTCL) plans to raise BDT 4 billion from stock market through direct listing

• State-owned Gas Transmission Company Limited (GTCL) will raise BDT 4 billion through the direct listing method of the country's two bourses as per a government decision to enlist its profit-making companies on the stock market. GTCL managing director said that it took the listing initiative as per a government decision. The company has decided to raise its paid up capital to BDT 40 billion from BDT 7 billion and the authorised capital to BDT 100 billion from BDT 10 billion, he said. So, it will initially offload 10% of its shares, or 400 million shares, at BDT 10 each, he said. If floated, the size of paid up capital and floating

shares of the company would be the second largest after Robi Axiata Limited on the stock exchanges.

- GTCL managing director also said that the company would convert the share money deposit of the government investment into shares soon. The Financial Reporting Council on February 11, 2020 issued a notification, making it mandatory for companies to convert share money deposits into shares within six months. Deposit against shares in GTCL was BDT 34.05 billion, as per the company's financial statements in 2019-20.

<https://www.newagebd.net/article/133592/state-run-gtcl-plans-to-raise-BDT-400cr-from-stock-market-thru-direct-listing>

### **DSE ready to host trading of non-listed securities**

- The Dhaka Stock Exchange (DSE) has completed all the technical preparations to launch the Alternative Trading Board (ATB) where eligible non-listed securities can be traded. The premier bourse of the country also said, in a press statement on Wednesday, that all types of investors will be able to participate in trading on the ATB. Trading and settlement will be similar to the processes followed for the securities on its mainboard.
- Non-listed companies that want to get onto the ATB will have to prove their ability to comply with the Companies Act of the land, and the international standards for accounting and financial reporting. Privately placed Sukuk and bonds will be eligible to be traded on the ATB. The securities may include both common and preference shares of: non-listed companies, non-listed bonds, debentures, open-end mutual funds, and units of various alternative investment funds. Shares delisted from the stock exchanges and over-the-counter market stocks, too, can be bought and sold on the Alternative Trading Board.

<https://www.tbsnews.net/economy/stock/dse-ready-host-trading-non-listed-securities-221587>

### **BSEC appointed independent directors given new facilities**

- Independent directors appointed by the Bangladesh Securities and Exchange Commission to the boards of a number of 'Z' category companies will have not to provide personal guarantee for the purpose of companies' loans or any other liabilities and must not be treated as loan defaulter for the loans. The 'Z' category groups low profile and non-performing companies on the stock exchange. The BSEC on Tuesday issued a directive in this regard so that the independent directors can work independently and properly.
- Independent directors nominated or appointed by the commission for the improvement of operational performance and governance of such companies whose shares are trading under the 'Z' category or who are not operating their business properly must not be included in the particulars of directors of the companies, the directive said. The companies must conduct at least four meetings in each financial year and cannot hold more than four meetings in a month.

<https://www.newagebd.net/article/133523/bsec-appointed-independent-directors-given-new-facilities>

### **Trading to continue as usual during pandemic: BSEC**

- The market bounced back on Monday, after suffering a big fall in the past three days, as bargain hunters showed their buying spree on sector-wise lucrative stocks. Market analysts

said the market recovered some losses after investors were convinced that the government will not impose any lockdowns even after fresh rising trends of coronavirus cases in the country. Bangladesh Securities and Exchange Commission (BSEC) issued a statement on Monday saying the share trading will continue as usual amid Covid-19 pandemic and urged the investors not to pay heed to any market closure rumour. Share trading will continue as usual at any situation, including the Covid-19 pandemic, as long as banking activities remain operational, said the BSEC statement.

<https://today.thefinancialexpress.com.bd/stock-corporate/trading-to-continue-as-usual-during-pandemic-bsec-1616428503>  
<https://www.tbsnews.net/economy/stock/if-banking-activities-continue-stock-market-will-remain-open-bsec-220531>

### **IDLC Investments to act as issue manager for NDE IPO**

- National Development Engineers Ltd (NDE) has recently signed an agreement with IDLC Investments Limited to raise capital through Initial Public Offering (IPO). IDLC Investments will act as Issue Manager for the IPO, said a statement. NDE is a prominent name in the construction industry of Bangladesh having over four decades of experience with a proven track record. The company is mainly engaged in the construction of power plants, buildings, industrial structures, airports, roads & bridges and so forth. NDE has so far successfully completed more than 500 various multidiscipline projects since its inception.

<https://today.thefinancialexpress.com.bd/stock-corporate/idlc-investments-to-act-as-issue-manager-for-nde-ipo-1616428610>  
<http://www.newagebd.net/article/133431/national-development-engineers-to-raise-BDT-150cr-thru-ipo>

### **Beacon may ship USD 5 million pharma products to Syria**

- Beacon Pharmaceuticals, the local pioneer of oncology product manufacturing, may export USD 5 million worth of pharmaceuticals to Syria by December this year -- a huge development for the local pharma industry. The shipment will make Syria the single largest export destination for Bangladeshi pharmaceuticals. We will get registration from the government of Syria to export drugs by June, said the managing director of Beacon Pharmaceuticals. They are also in the process of availing a certificate of Good Manufacturing Practice (GMP) from the Ministry of Health (MoH) of Syria, he added.
- The company will export oncology, general and cephalosporin drugs to Syria, according to the managing director. Sri Lanka is currently the top destination of drug shipments for Bangladesh with USD 4.7 million in FY 2019-20 followed by Kenya with USD 4.2 million. The local pharmaceuticals sector earned USD 135.79 million from exports during the last fiscal year, when shipments witnessed a 4.49% year-on-year growth.

<https://www.thedailystar.net/business/news/beacon-may-ship-5m-pharma-products-syria-2065253>

### **Islamic banks to get quota on Sukuk**

- Amid growing demand for the instrument, the central bank has decided to introduce a separate quota on Sukuk or Islamic bonds for the country's Shariah-compliant or Islamic banks, officials said. The Bangladesh Bank (BB) did not offer any quota while holding its first auction, they said, but would introduce it from the next auction scheduled to be held in June next. The debt management department of BB is expected to hold talks in this regard



with the divisions concerned soon, he said, dropping a broader hint that it could be between 40-50% for the Islamic banks or Islamic banking windows of other banks. The rest of the bonds will be distributed among the individuals and other financial institutions.

- Individuals can purchase through a banking channel. They need to open a separate account with the banks. Like the bonds, there is 5.0% tax on profit at source (annualised). The central bank had applied to the national board of revenue for reviewing it. There are usually three parties involved in an Islamic Sukuk -- originator, special purpose vehicle (SPV) and investors. The government is the originator of the Sukuk. Bangladesh Bank acts as a SPV to administer it. It also acts as the trustee to resolve any crisis between the investors and the government.

<https://today.thefinancialexpress.com.bd/first-page/islamic-banks-to-get-quota-on-sukuk-1616347546>

### **BSEC approves Exim Bank's BDT 6.0 billion perpetual bond**

- The stock market regulator has approved an unsecured contingent-convertible mudaraba perpetual bond worth BDT 6.0 billion in favour of Exim Bank. As per the BSEC approval, the bank will float unsecured contingent-convertible BASEL-111 complaint, Exim Bank's mudaraba perpetual bond worth BDT 6.0 billion through private placement. The price per unit of the bond is BDT 1.0 million which will be issued to the listed banks, mutual funds, insurance companies, regional rural banks, private organisations, trust funds, autonomous organisations and eligible investors through private placement. The coupon rate of the perpetual bond is 6.0% to 10%.

- With the proceeds, the Exim Bank will improve its additional Tier-1 capital base. Green Delta Insurance is the trustee of the bond while City Bank Capital Resources is the mandated lead arranger. Besides, the bond will be traded on the capital market after listing.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-exim-banks-BDT-60b-perpetual-bond-1616343410>

<https://www.tbsnews.net/economy/stock/exim-bank-gets-bsecs-nod-issue-BDT600cr-bond-220015>

<https://www.thedailystar.net/business/news/exim-bank-raise-BDT-600cr-through-mudaraba-bond-2064657>

<https://www.newagebd.net/article/133371/exim-bank-allowed-to-float-BDT-600cr-bond>

### **Index Agro's IPO draw today**

- Index Agro Industries, the poultry and fish feed producer, will hold its initial public offering (IPO) lottery draw today (Monday) to allocate more than 8.25 million ordinary shares. The general investors have applied to buy 28.75 times higher the number of IPO shares being offered by the company, according to the final status of the IPO. Total subscription received from resident Bangladeshis is BDT 5.52 billion, affected small investors BDT 436 million, non-resident Bangladeshis BDT 314 million. Total subscription was oversubscribed by 28.75 times (received BDT 6.26 billion) against public issue of IPO (other than eligible investors) shares worth BDT 218 million,

<https://today.thefinancialexpress.com.bd/stock-corporate/index-agros-ipo-draw-today-1616343366>

### **Bangladesh Bank bats for sukuk investors**

- The central bank has proposed the National Board of Revenue (NBR) to consider the profits earned by individual investors from their investment in the Islamic bond as tax-free income. The banking regulator has also suggested the NBR withdraw the 5% source tax on the investment in the Shariah-compliant bond, known as sukuk. The Bangladesh Bank wrote a letter to the NBR on March 4, requesting it to take measures so that clients get inspired to purchase Sukuk certificates in the secondary bond market. A sukuk is an Islamic financial certificate, similar to a treasury bond, which complies with Shariah laws.

- The Bangladesh Bank issued a sukuk on December 28, the first of its kind in Bangladesh, to raise BDT 80.00 billion for the implementation of a nationwide safe water supply project. The government initially raised 50% of the targeted amount, and the rest BDT 40.00 billion will be mobilised in May. Investors will enjoy a profit of 4.69% on their investment in the Islamic bond. Investors now pay tax annually against the income from traditional treasury bills and bonds. In addition, they face a 5% source tax when profits are distributed to them periodically.

- The taxes are discouraging people from parking their funds in the Shariah-compliant bond. These have created a roadblock to buying and selling the sukuk in the secondary bond market, the official said. If an individual or institutional investor sells the sukuk certificate in the midway of earning the profit, they will have to pay the source tax as per rules. Similarly, the person or institution that intends to buy the tool will have to face the same amount of source tax. An agreement is needed between the buyer and seller to split the source tax proportionately in order to avoid double-taxation.

<https://www.thedailystar.net/business/news/bb-bats-sukuk-investors-2064089>

### **Mutual funds fail to attract investors despite discounts**

- Almost all mutual funds have come up with huge discounts, but they are still failing to attract investors due to a lack of trust, poor performance of fund managers and meagre dividends. Investors buy mutual fund units considering their net asset value (NAV). A mutual fund is considered discounted and lucrative when its price is lower than its NAV. Among 37 closed-end mutual funds, 35 are being traded at a discount at the Dhaka Stock Exchange (DSE). Of the 35 funds, 18 are traded at discounts of more than 30%, according to data from IDLC Asset Management Company.

- Although the number of mutual funds in the market has risen over the past decade, skilled manpower did not grow in the sector. Sudden policy changes without analysing the potential impacts should be stopped as well, he said, adding that mutual funds should not be allowed to raise their fund size through returns. The fund tenure should also not be extended by any means, a former chairman of the Bangladesh Securities and Exchange Commission (BSEC) said. They are not giving good dividends either, an investor said, adding that only a few have good track records of providing higher dividends. Among the 37 mutual funds on the market, the dividend yield of 17 is zero as they declared no dividend for the year that ended on June 30, 2020, IDLC Asset Management data shows.

<https://www.thedailystar.net/business/news/mutual-funds-fail-attract-investors-despite-discounts-2064077>

### **BSEC to appoint special auditor for Alif Industries**

- The stock market regulator has recently decided to appoint a special auditor for Alif Industries Ltd to protect public interest. The special auditor will review the company's financial statements for the year of 2019 and 2020. The special auditor will review non-



current assets and liabilities and also the equity of the company. It will identify the sponsors and shareholders' directors and make a full disclosure of party transactions between Alif and related parties for the last two years. The auditor will also investigate accounting recognition and measurement of the property plant and equipment, inventories, revenue, cost of sales as per the International Financial Reporting Standard.

<https://www.tbsnews.net/economy/stock/bsec-appoint-special-auditor-alif-industries-219580>

### **BSEC widens areas of inquiry into Unilever's GSK purchase**

- The Bangladesh Securities and Exchange Commission has widened areas of inquiry into the acquisition of GSK Bangladesh by Unilever, BSEC officials said. The securities regulator in November 2020 began an inquiry into the process of the acquisition deal. BSEC officials said that the commission had recently observed that Unilever Consumer Care Limited, previously GSK Bangladesh, was substantially a reduced form of GSK following discontinuance of pharmaceutical segment and segregation of high selling products, including Sensodyne and Eno.
- Despite a huge asset divestment, the shares of GSK Bangladesh were brought at whopping BDT 2,046 each by Unilever Group that raised question, the officials said. The BSEC on March 10, 2021 sent a letter to GSK Bangladesh regarding the issues and sought explanation within seven working days. On June 28 2020, Unilever Overseas Holdings BV acquired 81.98% share of GSK Bangladesh from SETFIRST Limited UK, a special purpose vehicle of GSK UK, for BDT 20.20.billion.

<https://www.newagebd.net/article/133259/bsec-widens-areas-of-inquiry-into-unilevers-gsk-purchase>

### **NRBC Bank makes share trading debut tomorrow as 31st bank**

- NRB Commercial Bank will make its share trading debut tomorrow (Monday) on the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) under "N" category. DSE trading code for the bank is "NRBCBANK" and the DSE company code is 11,148 while the CSE scrip ID is 22,034 and scrip code is "NRBCBANK", according to separate disclosures. The fourth generation bank is the first private commercial bank in the last 12 years that is listed on the stock market. First Security Islami Bank was the last bank listed on the stock market in 2008.
- NRB Bank is the 31st listed bank in the DSE under the banking sector. The banking sector accounts for 14.50% of the DSE's total market-cap, the third largest sector after telecom and pharmaceuticals in terms of market-cap. The NRB Commercial Bank raised BDT 1.20 billion by issuing 120 million ordinary shares under the fixed-price method. The stock market regulator -- Bangladesh Securities and Exchange Commission (BSEC) -- approved the bank's IPO proposal on November 18, 2020. The IPO subscription of the bank was held between February 3 and February 9.

<https://today.thefinancialexpress.com.bd/stock-corporate/nrbc-bank-makes-share-trading-debut-tomorrow-as-31st-bank-1616254267>

<https://www.dhakatribune.com/business/stock/2021/03/19/nrbc-bank-shares-to-debut-on-bourses-monday>