

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Apparel exports grow by 12.59% in 10 months

- According to the Export Promotion Bureau (EPB) provisional data, in July-April of FY19 readymade garment sector earned USD 28.49 billion, up by 12.59% from USD 25.30 billion during the same period of the previous fiscal year. Of the total export earnings by the apparel sector, knitwear products earned USD 14.08 billion, which is 12.32% higher than the USD 12.54 billion earned during the same period of FY2017-18. Woven products earned USD 14.40 billion, up by 12.85% from USD 12.76 billion during the same period of the previous fiscal year. The specialized textile sector saw a 36% growth to USD 125 million from USD 92, while home textile products saw a negative growth of 3.74% to USD 723.60 million, down from USD 752.67 million.

<https://www.dhakatribune.com/business/economy/2019/05/08/apparel-exports-grow-by-12-59-in-10-months>

Bangladesh Bank (BB) relaxes rules to facilitate FDI

- The central bank has relaxed regulation allowing foreigners to open temporary non-resident Taka account (NRTA) with any scheduled bank along with authorised dealer (AD) bank branches to facilitate foreign direct investment (FDI) in Bangladesh. Under the relaxation, interested foreign investors are now allowed to deposit their funds in the name of proposed companies through opening temporary NRTA with both scheduled and AD bank branches. Earlier the foreign investors are eligible to open such NRTA with only AD bank branches of Bangladesh.

-temporary NRTA may also be opened by scheduled bank branches apart from authorised dealers, the Bangladesh Bank (BB) said in a notification. In this case, banks branch will have suitable arrangement with ADs/ central processing centres (CPCs) to receive the foreign exchange in their NOSTRO accounts abroad, it added. They've relaxed the regulation for encouraging foreign investors to invest more in Bangladesh, said a senior official of the Bangladesh Bank (BB). Currently, 59 scheduled banks are running their businesses with more than 10, 000 branches across the country while the number of AD bank branches are over 1000.

- Under the existing foreign exchange transaction regulations, non-resident investors are now eligible to make direct and portfolio investment in Bangladesh. To bring wider scope in foreign investment, it has been decided to allow foreign investment in Alternative Investment Funds (AIF) registered under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015, another notification said, issued by the central bank on July 30, 2018. Another BB official said non-resident investors may use the temporary NRTA for making both direct foreign investment (FDI) and AIF in Bangladesh.

- He also said such NRTA will have to be closed after starting business entities formally or completing process of the AIF. Balance of the temporary NRTA will have to be transferred to the main account of their businesses, he added. Besides, foreign investors including Non-Resident Bangladeshis (NRBs) are now allowed to invest their hard earned currencies in the country's capital market using Non-Resident Investors Taka Account (NITA), according to the central banker. Actually, we need a substantial amount of FDI to achieve the 8.0% plus economic growth by the end of fiscal year 2020-21, the central banker said.

<http://today.thefinancialexpress.com.bd/first-page/bb-relaxes-rules-to-facilitate-fdi-1557335080>

China grants 12.3 billion RMB, USD 3.9 billion for 11 projects in BD, says envoy

- China has so far granted 12.3 billion RMB in concessional loans and 3.9 billion US dollars in preferential buyer's credit for 11 projects under the Belt and Road programme in Bangladesh. The interest rate ranges between 2.0 and 3.0%. Chinese Ambassador said that they want to have more balanced trade with Bangladesh and as an ambassador to this country, he always ask Chinese companies to buy more products from Bangladesh.

- He also mentioned that China wants to work together with all the partner countries of BCIM to ensure successful implementation of the BCIM corridor, as this is also a key element in materialising the Belt and Road initiative in this region. About the criticism that the Belt and Road programme can be a debt trap for the partner country, he said the participants in the second Belt and Road Forum made it clear that the outcome of the projects would benefit the partner countries. Moreover, a debt analysis committee will be formed to address the risk factors in the financial proposals under the Belt and Road programme, he said.

<http://today.thefinancialexpress.com.bd/last-page/china-grants-123b-rmb-39b-for-11-projects-in-bd-says-envoy-1557335768>

Planning Commission (PC) finalises BDT 2.02 trillion ADP for FY 2020

- The Planning Commission (PC) has finalised a BDT 2.02 trillion Annual Development Programme (ADP) for the upcoming fiscal year, allocating more than one-fourth of the outlay for the transport sector. At an extended meeting on Wednesday, the PC finalised the development budget outlay for the fiscal year (FY) 2019-20, setting aside BDT 528.05 billion or 26.05% of the fund for the transport sector, they said. The proposed ADP outlay for FY '20 is 21.38% higher than that of the revised ADP for the outgoing FY.
- The proposed ADP for the next fiscal will be placed at the National Economic Council (NEC) meeting shortly for approval, informed a senior PC official. Of the total ADP size, BDT 1.31 trillion or 65% of the fund will come from the government's own resources, according to the proposal of the Commission. The remaining BDT 718 billion, or 35% of the outlay, will come from external sources in the form of project assistance (PA). Meanwhile, the government revised the size of the original ADP for the current FY downward to BDT 1.67 trillion from BDT 1.73 trillion due to poor performance of various agencies involved in project implementation.
- The government has implemented 47% of the revised ADP until March of the FY 2018-19. In the proposed ADP for FY '20, the transport sector will receive the highest allocation while the power sector the second highest of BDT 260.17 billion, or 12.86% of the total outlay, said another PC official. The infrastructure planning, water supply and housing sectors combined are likely to get the third highest allocation of BDT 243.24 billion (12%) while education and religion are to receive the fourth largest allocation of BDT 213.79 billion (10.55%).

<http://today.thefinancialexpress.com.bd/first-page/pc-finalises-BDT-202t-adp-for-fy-2020-1557335029>
<https://www.thedailystar.net/business/news/new-adp-be-21pc-bigger-1740955>
<http://www.newagebd.net/article/71816/pc-okays-draft-adp-of-BDT-203-lakh-crore>
<https://www.dhakatribune.com/business/economy/2019/05/08/BDT2-02-721-crore-adp-for-fy20-likely>

Fresh guideline soon on loan rescheduling

- Finance Minister said that the central bank will issue a revised guideline soon on default loan rescheduling. What they've pledged so far (on rescheduling of default loans) will be stated in the guideline, added. The minister, after assuming the office as the finance minister, on different occasions pledged to provide facilities to the businesses, who have become loan defaulters 'unwillingly'.
- Subsequently, the Bangladesh Bank (BB) issued a policy in the first week of February, empowering banks to write off loans up to BDT 0.20 million instead of the previous ceiling of BDT 50,000 without filing cases for recovery. The policy also allowed the banks to write off such loans after three consecutive years instead of the previous five years. As part of the initiatives to provide facilities to the loan defaulters, the BB issued a circular on April 22, revising the term-loan classification rules.
- Under the new provision, if any instalment(s) or part of instalment(s) of a fixed-term loan is not repaid within the fixed expiry date, the amount of unpaid instalment(s) will be treated as past due/overdue after six months of the expiry date. According to a circular of September 23, 2012, the amount of unpaid instalment(s) was treated as past due/overdue from the very first day after the expiry date. Some days back, the minister also pledged to provide loan restructuring facility for a twelve-year period by paying 2.0% of the total default loan.
- Of his other pledges, the formation of an asset management company to recover default loans from errant borrowers has remained unfulfilled until now. Officials said a committee, led by an economist, was formed in last June to prepare a guideline on default loan restructuring. The committee submitted a report to the Finance Minister early this year. The finance minister later had several meetings in this regard with the stakeholders concerned, and finalised the guideline.

<http://today.thefinancialexpress.com.bd/first-page/fresh-guideline-soon-on-loan-rescheduling-1557335123>
<http://www.newagebd.net/article/71876/bb-to-issue-new-guideline-soon-mustafa-kamal>

Grameenphone's clarification on merger

- In a clarification sent by Grameenphone on Tuesday, Telenor Group's Asian operations which includes Grameenphone will be a part of the possible merger between Telenor Group and Axiata Group Berhad. Telenor Group and Axiata Group Berhad are in discussions regarding a potential non-cash combination of their telecom and infrastructure assets in Asia (MergeCo), in which Telenor would take a majority stake. It is anticipated that Telenor, based on equity value, will own 56.5% in MergeCo and Axiata will own 43.5%, both parties acknowledging that this is preliminary subject to adjustments and due diligence.
- Telenor's Asian footprint includes Thailand, Malaysia, Bangladesh, Pakistan and Myanmar. Axiata has operating companies in Malaysia, Bangladesh, Cambodia, Nepal, Sri Lanka and Indonesia, and the tower business edotco. Axiata's mobile operations in Bangladesh, Robi, will continue to be separately and independently managed by Axiata.

<https://www.dhakatribune.com/business/2019/05/07/gp-s-clarification-on-merger>

Bangladesh Securities and Exchange Commission (BSEC) retains lock-in provision

- The lock-in period applicable to non-general shareholders will remain in place from the date of debut trading instead of issuing IPO prospectus. Lock-in is a predetermined amount of time after an initial public offering where large stakeholders are restricted from selling their shares. The regulatory decision comes into effect today (Thursday). The new companies will come under the coverage of Wednesday's decision. The decision will also be applicable to the older companies, whose lock-in period has not expired yet.
- The securities regulator formed two bodies to implement the market supportive measures, including amendment to the public issue rules. Last month, the securities regulator took the decision of amending public issue rules for both book building method and fixed price method. Other decisions were changing the existing rules on private placement shares, bonus shares and minimum shareholding provision for sponsor-directors of listed companies. The commission has identified the areas of bringing changes in different rules. Now, the BSEC has formed two bodies to finalise the proposed amendments justifying legal aspects, BSEC said in a statement.
- The body will make the draft amendment to the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 reviewing the decisions regarding IPO size and quota. On April 29, the securities regulator said the companies will not require securing the regulatory approval for raising capital through private placement. According to the proposed amendment, the minimum size of IPO will be BDT 500 million under the fixed price method, whereas the IPO size will be BDT 1.0 billion under the book building system.
- Another four-member committee will finalise the draft required to revise the notification on holding minimum number of shares by the sponsor-directors of the listed companies. Presently, the sponsor-directors of the listed companies will need to hold minimum 2.0% shares individually. And the sponsor-directors jointly will hold minimum 30% shares compared to total paid-up capital. Otherwise, the companies are not allowed to issue rights shares. On April 29, it was decided that the companies would have to explain the reasons for raising capital through bonus after listing. The companies will have to publish the necessity of issuing bonus shares as price sensitive information (PSI), according to BSEC decision.

<http://today.thefinancialexpress.com.bd/first-page/bsec-retains-lock-in-provision-1557335177>

<https://www.thedailystar.net/business/news/amended-three-year-lock-period-sponsors-starts-today-1740943>

<http://www.newagebd.net/article/71818/share-lock-in-rules-tightened>

<https://www.dhakatribune.com/business/stock/2019/05/08/bsec-makes-lock-in-period-stringent>

Sea Pearl IPO lottery draw May 23

- Initial Public Offering (IPO) lottery draw of Sea Pearl Beach Resort & Spa Ltd will be held on May 23 to allocate 15 million ordinary shares among the successful applicants. The results will be published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and the company after the lottery draw.
- The Sea Pearl Beach Resort raised a fund worth BDT 150 million from the capital market by floating 15 million ordinary shares at a face value of BDT 10 each using the fixed price method. The subscription for shares of the company by the eligible investors through electronic subscription system was held between April 23 and May 06. The Sea Pearl Beach (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa in Cox's Bazar") is a luxury hotel in Bangladesh which started commercial operation on 17 September 2015.
- The Bangladesh Securities and Exchange Commission approved the IPO proposal of the company on February 19 this year. The company's pre-IPO paid-up capital is BDT 1.0 billion and authorised capital is BDT 2.0 billion. The company will use the IPO fund for interior, finishing, furniture & fixture (157 rooms) 71.22%, acquisition of land 17.77%, and bearing the IPO expenses 11.01%. According to the financial statements ended on June 30, 2018, the company's net asset value (NAV) per share stood at BDT 10.48 while the weighted average (three years) earnings per share (EPS) was BDT 0.41.
- Banco Finance and Investment Ltd and Prime Bank Investment Ltd are jointly working as the issue manager for the IPO process. The principal services of Sea Pearl Beach Resort and Spa Limited are: Rooms and Suites, Food & Beverage. After completing all procedures, it will be the 5th listed company in the 'Travel & Leisure' sector in the Dhaka Stock Exchange (DSE).

<http://today.thefinancialexpress.com.bd/stock-corporate/sea-pearl-ipo-lottery-draw-may-23-1557332134>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$61.56	-0.56	-0.90%
Crude Oil (Brent)*	\$69.72	-0.65	-0.92%
Gold Spot*	\$1,280.64	-0.24	-0.02%
DSEX	5,272.38	-17.61	-0.33%
Dow Jones Industrial Average	7,271.00	+10.53	+0.15%
FTSE 100	7,271.00	+10.53	+0.15%
Nikkei 225	21,334.13	-268.46	-1.24%

Exchange Rates

USD 1 = BDT 84.49*
GBP 1 = BDT 109.89*
EUR 1 = BDT 94.56*
INR 1 = BDT 1.21*

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

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