

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.

Term loan borrowers to get breathing space

- The central bank has revised loan classification rules to treat unpaid instalment(s) of a term loan 'overdue' after six months of its (loan) 'expiry' date. The loans, which are repayable within a specific time period under a specific repayment schedule, will be treated as fixed-term loans. The revised loan classification rules will come into effect from June 30 next.
- As per the existing rules, loans overdue for three, six and nine months are classified as 'sub-standard', 'doubtful' and 'bad' respectively.
- The BB has also extended three months' time for two types of classified loans - 'doubtful' and 'bad' - to facilitate business activities. With the revision, the loans overdue for three, nine and 12 months will be considered as 'sub-standard', 'doubtful' and 'bad' respectively, effective from June 30, according to the notification. The loans will be treated as 'doubtful' after non-payment for nine months, and 'bad' after 12 months, while categorizing 'sub-standard' will remain unchanged at three months. These revised rules will be applicable for continuous loans, demand loans and fixed-term loans.
- The central bank's latest circular also changed rules for installment(s) of fixed term loans. If any installment(s) or part of installment(s) of a fixed-term loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date.
- Chairman of the Association of Bankers, Bangladesh (ABB), said that such measures will help reducing the amount of non-performing loans (NPLs) but it will delay loan repayment, particularly from term-loan borrowers. This might impact, to some extent, the liquidity situation.

<http://today.thefinancialexpress.com.bd/first-page/term-loan-borrowers-to-get-breathing-space-1555955104>
<https://www.thedailystar.net/business/news/bb-loosens-rules-loan-classification-1733470>

Loans against movable assets on the cards

- People can soon get loans from banks by keeping their movable assets with banks as collateral, in a development that will expand the access to finance. The central bank has already drafted a law titled "The Secured Transaction (Movable Assets) Act", which will soon be sent to the law ministry for vetting.
- As per the draft act, furniture, gold, motor vehicles, computers, patents, goodwill, copyrights and many other tangible and intangible assets will be considered collateral. At present, borrowers are mainly allowed to keep the immovable assets like land, house and infrastructure as collateral with banks.
- The proposed act is scheduled to be passed by the national parliament within the next year, said a Bangladesh Bank official. The government will form a "Secured Transaction Registration Authority" under the upcoming act, which subsequently will create a data warehouse to register the collateral of movable assets. For instance, banks will register movable assets as collateral with the data warehouse once clients take loans by keeping the assets with them. Such a data warehouse will bar clients from taking loans from a number of banks by way of using the same properties as collateral.
- The government signed an advisory agreement with the International Finance Corporation in August 2016 for the implementation of the act.
- The central bank and the IFC have already discussed with different stakeholders including the Association of Bankers, Bangladesh (ABB), the Bangladesh Leasing and Finance Companies Association, the Bangladesh Investment Development Authority, law ministry and so on.

<https://www.thedailystar.net/business/news/loans-against-movable-assets-the-cards-1733464>

Bangladesh Investment Development Authority (BIDA) suggests bringing down transaction limits for all MFS providers

- The Bangladesh Investment Development Authority (BIDA) has suggested the central bank to take necessary steps to bring down the daily transaction limit of 'Nagad', making it equivalent to that of other mobile financial services. 'Nagad' is a mobile financial service (MFS) introduced recently by the Bangladesh Post Office (BPO). Industry insiders fear 'Nagad' service, with its increased transaction ceiling, may create an unhealthy competition in the market.

- Other financial services including bKash are allowed to cash in BDT 15,000 and cash out BDT 10,000 a day in the case of an individual account holder, according to the Bangladesh mobile financial services (MFS) regulations 2018. On the other hand, under the scheme, a 'Nagad' customer will be able to cash in or cash out BDT 50,000 in a single transaction and a maximum of BDT 250,000 through 10 transactions a day.

- A high official of BPO said Nagad would only be regulated by the 'Bangladesh Postal Act (Amendment) 2010'. 'Nagad' would not, thus, come under MFS regulations, he explained.

<http://today.thefinancialexpress.com.bd/first-page/bida-for-ensuring-uniform-rules-for-all-mfs-providers-1555955340>

Telcos demand elimination of SIM tax

- Telecom operators have demanded elimination of SIM tax on both new connection and SIM replacement, and withdrawal of VAT and other fees on internet use to boost telecommunication services in the country.

- Association of Mobile Telecom Operators of Bangladesh also demanded imposition of 10% of total disputed VAT as appeal fee only once instead of current provision of payment of 10% of disputed amount as appeal fee at every stage of appeal process.

- It is not rational to pay 30% of disputed VAT as fee for filing appeal at three forums — commissioner (appeal), appellate tribunal and High Court, it observed. The association said a subscriber is now required to pay BDT 100 in total for new SIM connection or replacement of old SIM and RUIM. NBR should withdraw the tax on SIMs and RUIMs connection and replacement and on the upcoming virtual SIMs to facilitate more people to get SIM cards at cheaper cost, it suggested.

- Telecom operators also demanded clear guidelines on VAT registration of government agencies and regulatory bodies for VATable services as the service receivers would be deprived of taking input tax credit in absence of VAT registration of the service providing agencies. They sought withdrawal of VAT, supplementary duty and surcharge which now stand at 11.25% in total on mobile internet usage.

<http://www.newagebd.net/article/70557/telcos-demand-elimination-of-sim-tax>

Sea Pearl Beach's subscription opens today

- The public subscription of Sea Pearl Beach Resort & Spa Limited opens today (Tuesday) to raise a fund worth BDT 150 million from the capital market. The subscription for shares of the company by the eligible investors through electronic subscription system under fixed price method will be continued until May 6.

- Sea Pearl Beach Resort & Spa (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa Cox's Bazar") a Five Star Resort & hotel in Bangladesh, started its commercial operation from 17 September 2015. As per the BSEC approval - under the fixed price method - Sea Pearl Beach Resort will offload 15 million ordinary shares at an offer price of BDT 10 each.

- 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%.

<http://today.thefinancialexpress.com.bd/stock-corporate/sea-pearl-beachs-subscription-opens-today-1555948799>

Capital market on right track: Finance Minister

- Finance minister, said that he does not see any major problem in the prevailing trend in the capital market. About the positive side of the capital market, he said P/E (price earning) ratios of the companies presently are at a tolerable level. The broad index of the Dhaka Stock Exchange (DSE) was 5,950 points on January 24, which fell to 5,323 on April 21.

- The minister noted that the index and market capitalization are at the "right" level in the context of the economy. In contrast, experts on several occasions laid importance on listing of more companies having good fundamentals as the growth of the capital market fails to keep pace with that of the roughly USD 300 billion economy. The ratio of market capitalization to GDP, one of the major indicators of measuring depth of a market, is below 15%, whereas the ratios are above 20% in neighbouring countries. The ratios are above 100% in the markets of Thailand, Malaysia, Tokyo and Singapore.

- The minister said that the problem is that the number of educated investors is quite low in Bangladesh, whereas most of the investors in other capital markets are educated.

<http://today.thefinancialexpress.com.bd/first-page/capital-market-on-right-track-finance-minister-1555955277>
<https://www.thedailystar.net/business/news/stocks-slide-not-unusual-kamal-1733461>

The Payra Port Authority (PPA) signs deal with Korean firms today to build terminal

- The Payra Port Authority (PPA) signs an agreement with a joint venture of South Korean firms today (Tuesday) for building terminal and other facilities at the Payra Port, official said. The Korean firms are Kunhwa Engineering and Consulting Company Limited, Daeyoung Engineering Company Limited and Heerim Architects and Planners Company Limited.
- The government, under its mid-term plan, has taken the project to build two terminals, including six berths and 10.50 meter deep channel of the port by 2021 with an estimated cost of over BDT 39.82 billion. The port is one of the government's 10 first-track projects. The government has taken short, medium and long term plan for the development of the port.

<http://today.thefinancialexpress.com.bd/trade-market/ppa-signs-deal-with-korean-firms-today-to-build-terminal-1555949673>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$65.70	+1.70	+2.66%
Crude Oil (Brent)*	\$74.35	+0.31	+0.42%
Gold Spot*	\$1,275.82	+0.83	+0.07%
DSEX	5,323.74	+2.33	+0.04%
Dow Jones Industrial Average	26,511.05	-48.49	-0.18%
FTSE 100	7,459.88	-11.44	-0.15%
Nikkei 225	22,165.41	-52.49	-0.24%

Exchange Rates

USD 1 = BDT 84.33*
GBP 1 = BDT 109.53*
EUR 1 = BDT 94.90*
INR 1 = BDT 1.21*

**Currencies and Commodities are taken from xe.com.*

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Deputy Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Md. Sakib Chowdhury	Research Analyst	sakib.chowdhury@bracepl.com	01709 641 247
S. M. Samiuzzaman	Research Analyst	sm.samiuzzaman@bracepl.com	01708 805 224
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805 211
Md. Rafiqul Islam	Research Associate	mrafiquislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
----------------------	-------------------------------------	--	---------------

BRAC EPL Research www.bracepl.com

121/B Gulshan Avenue
Gulshan-2, Dhaka
Phone: +880 2 881 9421-5
Fax: +880 2 881 9426
E-Mail: research@bracepl.com