

*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.*

### **Supreme Court (SC) Order on BTRC's Audit Claim: GP to deposit BDT 10 billion to state coffers tomorrow**

- Grameenphone has decided to deposit BDT 10 billion to the state coffers tomorrow as per the order of the Supreme Court on Thursday - a move that is likely to save it from BTRC's regulatory measures. The operator has taken the decision to get court protection from the pressure the Bangladesh Telecommunication Regulatory Commission (BTRC) has applied on it and its management, it said in a press release last evening that was signed off by its head of external communications. The BTRC actions include declining no-objection certificates since July, issuing show-cause notice for license cancellation, and denying recycling of number series, it said.

- Had Grameenphone decided against furnishing the sum, the BTRC would have proceeded as per the telecom act, which empowers it to appoint an administrator, said the chairman of the telecom watchdog. The telecom regulator has taken all preparations for appointing the administrator. The BTRC chairman even met with the Prime Minister at her office on Monday and discussed a few potential candidates for the panel of administrator. BTRC chairman said that the issuance of no objection of certificates to mobile operator Grameenphone would depend on the court order even if the operator paid BDT 10 billion. Apart from asking the operator to pay BDT 10 billion by Monday, the court also asked the mobile phone operator to appear before it after the payment when the court would outline the ways to resolve the audit issue, he said.

<https://www.thedailystar.net/frontpage/news/sc-order-btrcs-audit-claim-gp-deposit-BDT-1000cr-state-coffer-tomorrow-1871284>

<https://www.newagebd.net/article/100233/noc-issuance-to-gp-to-depend-on-ad-order>

### **Robi prepares to go public**

- Robi plans to submit its application for listing in the country's twin bourses to the Bangladesh Securities and Exchange Commission in the middle of next month, as the long-awaited debut of the second largest mobile phone operator is finally taking shape. The operator, which got the approval from the Bangladesh Telecommunication Regulatory Commission last week for the initial public offering, though will make its debut on both the Dhaka and Chattogram stock exchanges in the second half of the year. The reason being, its parent company Axiata, which has 68.69% stakes, has put up two conditions for the listing and the operator is lobbying with the government for them.

- The first condition is Robi's corporate tax must be brought down by at least 10 percentage points. At present, the operator pays 45% corporate tax. Grameenphone got the corporate tax benefit when it got listed. But the government withdrew the facility a few years ago. The second condition is withdrawal of the 2% minimum income tax on overall revenue that the government imposed from this fiscal year. The operator wants the rate to be 0.75%. Whether the government agrees to the conditions or not would be reflected in the national budget for fiscal 2020-21.

- The operator intends to offload 10%, or about 523.8 million, shares to raise BDT 5.24 billion for network expansion in preparation for 5G. Of the shares, 387.8 million will be offered to the public and institutional investors in Bangladesh, while the remaining 136.1 million will be set aside for employees and directors of Robi under the employee share purchase plan. The face value of the shares would be BDT 10 and there will be no premium.

- Robi will become the second mobile operator to get listed after Grameenphone, which started trading from November 16, 2009. The operator, which is 25%-owned by Indian Bharti Airtel and 6.31% by Japanese NTT Docomo, has planned to invest USD 500 million in Bangladesh. But the three stakeholders have put off the investment plan for regulatory restrictions. In 2019, Robi logged in profits of BDT 169 million, down 92.12% from the previous year, despite seeing double-digit revenue growth to BDT 74.81 million. At the end of last year, Robi's active customer number stood at 49 million, which is 29.60% of the market.

<https://www.thedailystar.net/business/telecom/news/robis-listing-will-be-gift-investors-1871824>

<https://www.thedailystar.net/backpage/news/robi-prepares-go-public-1871266>

<https://www.dhakatribune.com/business/2020/02/22/robi-net-profit-drops-to-BDT17cr>

<https://www.newagebd.net/article/100224/robi-sets-2-tax-related-conditions-to-get-listed>

### **5 banks face BDT 4.48 billion loans in default against their exposure through Offshore Banking Units (OBU)**

- Five out of 35 scheduled banks, operating offshore banking unit, have suffered BDT 4.48 billion in defaulted loans against their exposure through OBUs at the end of 2019. The December-end volume of defaulted loans was BDT 705.3 million lower than BDT 5.18 billion three months ago.

- With the change in last quarter of the year, the rate of defaulted loans in OBUs of the five banks has dropped to 0.74% at the December-end quarter from 0.85% in September-end quarter. The banks are — AB Bank, Dhaka Bank, BRAC Bank, Prime Bank and Woori Bank.
- The scam-hit banking sector has stuffed with BDT 943.31 billion in defaulted loans while the 12 banks faced BDT 107.98 billion in provision shortfall against their overall defaulted loans at the end of December 2019. Overall provision requirement of the banks against their OBUs was BDT 10.17 billion against the defaulted loans while they kept BDT 8.43 billion as provision, leaving a shortfall of BDT 1.74 billion.

<https://www.newagebd.net/article/100180/5-banks-face-BDT-448cr-loans-in-default>

### Import from China falls, apparel sector in a fix

- Both volume and value of import from China have declined by 20.87% and 8.29% respectively from January 1 to February 15 due to impact of Coronavirus outbreak there. Import of some 30 major products of manufacturing sector, especially of apparel, declined up to 76% in that period, according to data of the Customs Wing of National Board of Revenue (NBR). The major products, whose import declined, include clothing accessories, denim fabric, plain cotton woven fabric, woven fabrics of synthetic yarn, dyed woven cotton fabrics, and some chemicals used in apparel industries. According to official data, import of products from China declined by 249,311 tonnes, while value of import dropped by BDT 15.78 billion from January 1 to February 15 of the current fiscal year (FY), 2019-20. Some 944,827 tonnes of goods were imported from China in that period with a value of BDT 174.41 billion. In the same period of last FY, import volume from China was 1.1 million tonnes with a value of BDT 190 billion.
- The Customs Wing officials said import of goods from China consists of 27 to 29% of total import. They opined that if the slowdown in import from China persists, the wing might lose 7.0 to 8.0% of its targeted revenue. The apparel sector has found no alternative to China for importing raw materials at reasonable cost.

<https://today.thefinancialexpress.com.bd/public/first-page/import-from-china-falls-apparel-sector-in-a-fix-1582221274>

### Walton rolls out red carpet to lure in customers

- Local electronics giant Walton yesterday introduced a huge sales campaign to give away cash vouchers worth BDT 3.5 million every day among the buyers of its refrigerators, televisions and air-conditioners. Walton now holds around 75% of the local refrigerator market in Bangladesh. The company's refrigerator sales increased 35.33% year-on-year to 2.03 million units in 2019 and it aims to sell 2.5 million units in 2020. In AC sales, the company posted a 216% growth in 2019. It plans to sell 0.25 million units of ACs in 2020, which is about 187% higher than their previous year's sales figure. Walton currently has around 7 million registered customers and it plans to register half of the country's population in 10 years

<https://www.thedailystar.net/business/news/walton-rolls-out-red-carpet-lure-customers-1870906>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$53.38	-0.50	-0.93%
Crude Oil (Brent)*	\$58.50	-0.81	-1.37%
Gold Spot*	\$1,648.80	+28.30	+1.75%
DSEX	4733.14	-24.86	-0.52%
Dow Jones Industrial Average	28,992.41	-227.57	-0.78%
FTSE 100	7,403.92	-32.72	-0.44%
Nikkei 225	23,386.74	-92.41	-0.39%
BSE SENSEX	41,170.12	-152.88	-0.37%

### Exchange Rates

**USD 1 = BDT 84.80\***  
**GBP 1 = BDT 109.98\***  
**EUR 1 = BDT 91.98\***  
**INR 1 = BDT 1.18\***

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

## 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	Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-------------------------------------	--	---------------

#### BRAC EPL Research [www.bracepl.com](http://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](mailto:research@bracepl.com)