

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 to promising Asian markets take a tumble

- The fallouts from the coronavirus pandemic caused a dip in apparel shipments from Bangladesh to three promising Asian markets -- India, Japan and China -- in the last fiscal year, official figures showed. In the years before the pandemic, garment exports to India had registered steady growth because of increased demands for the semi-high-end and basic apparel items from the neighboring country's burgeoning middle class. However, apparel exports to India declined 15.70% to USD 420.73 million in the fiscal year 2019-20 from USD 499.09 million the year before, according to data from the Export Promotion Bureau (EPB).
- In FY18, Bangladesh had shipped USD 278.68 million in garment items to India, indicating that exports to the neighboring nation were on the rise despite various non-tariff and para-tariff barriers. Of the three Asian nations, Japan is the most promising market thanks to its duty benefits. Apparel exports to Japan fell 11.86% to USD 961.94 million in fiscal 2019-20 from USD 1.09 billion a year ago. In 2017-18, Bangladesh exported garment items worth USD 846.74 million, EPB data showed.
- Although China itself is the largest supplier of garments worldwide, apparels shipments to the world's second-largest economy from Bangladesh have been rising because of the high demand for the semi-high-end and basic garment items. Garment shipments to China slumped 34.86% to USD 329.96 million in FY20 from USD 506.51 million in FY19. In FY18, Bangladesh exported apparel items worth USD 391.64 million to China, according to the EPB.

<https://www.thedailystar.net/business/news/apparel-exports-promising-asian-markets-take-tumble-1979821>

Experts for single-digit cash-out charge

- Experts have suggested mobile financial service (MFS) providers to cut cash-out charge down to a single-digit as high transaction cost is keeping marginal people as well as more micro and small enterprises (MSEs) away from availing this services. They also urged the regulator –Bangladesh Bank (BB) to intervene in MFS charge by imposing ceiling to materialize the government's ongoing digital Bangladesh campaign. A former BB deputy governor said that in this present circumstance BB has no alternative of intervention for reducing the cash-out charge as the MFS operator would not do it willingly.
- Besides, e-Commerce Association of Bangladesh (e-CAB) director said that cash-out charge in Bangladesh as much as high compared to other countries in the world and it should be single-digit to boost country's financial inclusion and digitalization process. At this moment, cash-out charge is Taka 18.50 for per Taka 1,000 although the agents of MFS providers have been charging Taka 20. Meanwhile, Nagad, a MFS arm of Bangladesh Post office (BPO), has reduced cash-out charge to Taka 9.99 for every BDT 1,000 cash-out to make transaction process of customers easier and comfortable.
- Welcoming Nagad's move of trimming down cash-out charge. The e-CAB director said that it might help their customers, but he feared how long Nagad can continue this offer defying the pressure of other MFS operators. He also said other carriers should follow Nagad's move as low cash-out charge might boost transaction tremendously and expand industry size by many folds. Nagad said that even after bringing down the cash-out charge to single digit, its income from this segment is still prevailing.

<https://tbsnews.net/economy/experts-single-digit-cash-out-charge-146317>

<https://today.thefinancialexpress.com.bd/trade-market/experts-push-for-single-digit-mfs-cash-out-charge-1602946993>

<https://www.dhakatribune.com/business/banks/2020/10/17/experts-for-single-digit-cash-out-charge>

Regulator slaps two-year lock-in on employees' shares

- The securities regulator has imposed a two-year lock-in on Robi Axiata's shares which will be allotted to its employees. Bangladesh Securities and Exchange Commission (BSEC) approved the country's largest ever IPO proposal on September 23 last considering the company's condition of allotting a significant number of shares to the employees. As per the approval, Robi will allot 136.1million shares to its employees under the Employee Share Purchase Plan (ESPP) at an offer price BDT 10 each.
- As per the existing rules, the three-year lock-in period on the shares of sponsors will remain unchanged. As per the BSEC approval, Robi will raise a capital worth BDT 5.23 billion by offloading over 523.8 million shares at an offer price of BDT 10 each under the fixed price method. Of 523.8 million shares, 387.7 million shares will be issued through IPO, while remaining 136.1 million shares will be allotted to employees under ESPP at an offer price BDT 10 each.

<https://today.thefinancialexpress.com.bd/first-page/regulator-slaps-two-yr-lock-in-on-employees-shares-1602954291>

85% complaints settled

- The securities regulator has addressed 88.4% of the complaints submitted by investors since January through Customer Complaints Address Module (CCAM), an automated system launched on September 30, 2019. According to the latest information of the Bangladesh Securities and Exchange Commission (BSEC), investors submitted a total of 455 complaints since January 1 to October 15. Of the complaints, 399 have already been addressed while the settlement of remaining 56 complaints is under process.
- The securities regulator introduced the CCAM on September 30, 2019 to ease the settlement of customers' complaints. After introduction of the CCAM, wastage of time for settlement of complaints declined significantly both at the regulator and customers end. The BSEC officials said average settlement days of each complaint stood at 14.5. The BSEC officials further added that the complaints which are submitted through CCAM are about non-payment of cash dividend, non-disbursement of stock dividend, non-payment sale proceeds, un-authorized sales of shares, delay in settlement of share transactions, margin finance and interest, forced selling and financial losses due to non-transfer of shares.

<https://today.thefinancialexpress.com.bd/stock-corporate/85-per-cent-complaints-settled-1602946506>

IPO subscription of Dominage Steel begins Monday

- The initial public offering (IPO) subscription of Dominage Steel Building Systems is set to begin at 10:00am on Monday, aiming to raise BDT 300 million from the capital market. The IPO subscription for shares of the company by the eligible investors through electronic subscription system (ESS) will be continued until 5:30pm on October 25, according to the company's IPO prospectus. As per the regulatory approval, the Dominage Steel Building will issue 30 million ordinary shares with an offer price of BDT 10 each using the fixed price method.
- The company will utilise the IPO proceeds for acquisition of new plant & machinery (55.77%), building and other construction (30.14%), electrical installation (7.56%) and bearing the IPO related expenses (6.53%). According to the audited financial statements for the year ended on June 30, 2019, the company's basic earnings per share (EPS) were BDT 1.83, and its net asset value per share was BDT 19.81.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-dominage-steel-begins-monday-1602946537>

Western Marine builds tugboat for Payra port

- Western Marine Shipyard, the country's leading shipbuilder, has made a tugboat for Payra Sea Port. The tugboat, Tiakhali-1, was launched at the Karnaphuli river in Chattogram yesterday. After a sea trial, the port authorities will receive the vessel, said Shahidul Bashar, assistant general manager for commercial of the shipbuilder. The tugboat, which was built at a cost of BDT 350 million, has a capacity of 60-tonne bollard pull power. The tugboat will speed up port activities and help increase port surveillance, Western Marine Shipyard said in a press release.
- Western Marine has so far exported 32 ocean-going vessels to clients in countries such as Germany, Denmark, Finland, Tanzania, New Zealand, Kenya, the UAE, India, Ecuador, Pakistan, the Gambia and Uganda. It exported two 5,200 dead-weight tonnage capacity cargo ships to India at the beginning of 2000, the press release said.

<https://www.thedailystar.net/business/news/western-marine-builds-tugboat-payra-port-1979753>

BSRM's big push

- BSRM Steels Ltd is set to invest BDT 7.00 billion in a new plant to produce an additional 0.5 million tonnes of re-rolling products per year, aiming to catch up with growing market demand. The new manufacturing unit of the company is expected to go into operation by the middle of 2023. The Deputy Managing Director of BSRM Group said that they have decided to arrange the investment fund from bank loans and the company's own resources. Their business almost ceased amid the pandemic. During the countrywide shutdown in April and May this year, our production came down to a minimal level.
- However, the situation is improving. Their factories have resumed full operation by now and their business also is getting better. They feel it's necessary to increase our production capacity to meet the growing demand for steel products in the country. According to industry insiders, the implementation of mega development projects across the country has given a boost to the steel industry, prompting investors to expand their businesses.

<https://tbsnews.net/economy/industry/bsrms-big-push-146359>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$40.88	(\$20.75)	-33.67%
Crude Oil (Brent)*	\$42.93	(\$25.51)	-37.27%
Gold Spot*	\$1,899.29	\$377.82	24.83%
DSEX	4,872.30	419.37	9.42%
S&P 500	3,483.81	253.03	7.83%
FTSE 100	5,919.58	(1,667.47)	-21.98%
BSE SENSEX	39,982.98	(1,659.16)	-3.98%
KSE-100	40,164.02	(571.06)	-1.40%
CSEALL	5,945.79	(183.42)	-2.99%

Exchange Rates

USD 1 = BDT 84.82*

GBP 1 = BDT 109.54*

EUR 1 = BDT 99.38*

INR 1 = BDT 1.16*

**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	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	CEO (Acting)	bappi@bracepl.com	01730 357 991
----------------------	--------------	--	---------------

BRAC EPL Research www.bracepl.com

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142
 Gulshan Avenue, Dhaka – 1212
 Phone: + (880)-2-9852446-50
 Fax: + (880)-2-9852451-52
 E-Mail: research@bracepl.com