

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.

Covid-19 wipes out 37% of wages: Study

- Between 10 and 20 million people, including regular, temporary, and casual workers, self-employed, and small entrepreneurs in different sectors, lost their jobs due to the immediate impacts of the first wave of Covid-19, a study says. About 16.38 million people became new poor due to the reduction in overall wages by 37% while the earnings of salaried workers came down to about half of the regular wages, according to the study. Despite the families of low-income workers facing different types of financial difficulties, including their inability to pay house rents, utility bills, and school fees, the stimulus announced by the government reached only 8% of the total employed population during the crisis, said the study conducted by the Centre for Policy Dialogue (CPD) and Bangladesh Institute of Labour Studies (BILS).
- The report said the workers' overall wages had declined by 37% and the decline in income of salaried workers was much higher at 49%. Moreover, small and medium enterprises lost 66% of their revenue during the pandemic compared to the pre-Covid-19 period. The income of all families, including migrants, dropped by 20% during the pandemic. The poverty rate increased to 33% in the fiscal year 2019-20 from 20% in FY17, the report said.

<https://www.tbsnews.net/economy/covid-19-wipes-out-37-wages-study-233095>
<https://www.thedailystar.net/frontpage/news/16m-become-new-poor-bangladesh-2079121>

4 firms to join small cap board on relaxed rules

- The securities regulator has exempted four firms from the rules regarding the qualified investors offer (QIO) to enlist them on the small capital boards of the bourses. The four companies that will be listed on the small capital board are Master Feed Agrotec, Subra Systems Ltd, Oryza Agro Industries Limited and Mostafa Metal Industries.
- Master Feed Agrotec wants to raise BDT 100 million through QIO. Manufacturing and marketing poultry, fish and cattle feeds are the main activities of the company. It is also engaged in poultry and fish farming. Subra Systems wants to raise BDT 150 million through QIO. The principal activities of the company relate to providing a comprehensive integrated business software solution. Oryza Agro wants to raise BDT 100 million through QIO. The principal activities of the company are manufacturing and marketing fish and poultry feed. Mostafa Metal Industries Limited is a concern of the conglomerate Mustafa group. The company wants to raise BDT 110 million through QIO. The company produces a wide range of products maximising the use of timber substitute.
- The small-cap platform was formed in 2019 to attract businesses with a small capital base to the stock market. With a view to making the small capital board active, the commission wants to enlist some companies on the board within this financial year. Companies whose paid-up capital is above BDT 300 million but are not able to go for an IPO can apply to be listed with the small capital board and get a waiver of rules in this regard, according to the commission.

<https://www.tbsnews.net/economy/stock/4-firms-join-small-cap-board-relaxed-rules-233056>

BSEC sees no complications

- The officials of the securities regulator see no complications in issuing IPO (initial public offering) shares among the employees of two companies which recently have received the regulatory approval to go public. A senior official of the Bangladesh Securities and Exchange Commission (BSEC) said the employees' sense of responsibility will be strengthened if they are allowed to get the shares which are treated as IPO shares.
- In last week, the securities regulator allowed the Midland Bank to issue 3.5 million shares among its employees and those shares will also be treated as the part of the company's IPO. In the existing public issue rules, there is no provision of distributing shares to a company's employees. As a result, the securities regulator has waived the company from the public issue rules through a separate notification. In October, 2020 the securities regulator also allowed Robi Axiata to allot 136.1million shares to its employees under the Employee Share Purchase Plan (ESPP). The securities regulator has imposed two-year lock-in on the shares of the employees of Robi and Midland Bank.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-sees-no-complications-1618672396>

New budget to be pandemic-centric

- The national budget for fiscal year 2021-22 will focus on measures to face Covid-19 challenges, save lives and livelihoods of people and recover economy. Officials said the budget would be pandemic-centric as the second wave of coronavirus is relentless in its grip at home and abroad, showing no signs of deceleration sooner. The budget for the next fiscal year will be placed in parliament on a Thursday on June 03 or June 10.

- A senior finance ministry official said the government succeeded in keeping the number of infection and death under control during the first wave of the pandemic. It simply made the government confident that the pandemic would not be able to give a serious bite in future. But the second wave came in its trail with severe strength and the number of casualties this time has surpassed last year's figures. The extremes of the second wave and its possible impact have pushed the government to rethink about measures needed to keep the economy afloat, the official said.

<https://today.thefinancialexpress.com.bd/first-page/new-budget-to-be-pandemic-centric-1618594893>

Bangladesh government's 2020 debt rises to 39.6% of GDP

- The government debt of Bangladesh surged to a new high in 2020 than in 2019. However, the country's other sectoral debts declined during the period under review. The picture came up in an analysis on the frontier markets, conducted by the Washington-based Institute of International Finance (IIF). Bangladesh is a frontier market, which is more developed than the least developed countries. But it is too small, risky or illiquid to be generally classified as an emerging market economy.

- The IIF showed that Bangladesh government debt reached 39.6% of the GDP (gross domestic product) in 2020, nearly 4.0 percentage point higher than that in 2019 calendar year. It measured three other sectoral debts for the period for Bangladesh, where two debt cases were down, while one remained stable or the same. Bangladesh's household debt, consisting of loans taken by families from the financial system, stood at 9.2% of the GDP in 2020, down by 0.8 percentage point over 2019. The non-financial sector debt, taken by autonomous bodies or such other institutions, stood at 34.2% of the GDP in 2020, down by 1.3 percentage point than in 2019. The financial sector debt, usually taken by the country's financial institutions, remained the same at 1.9% of the GDP in 2020 and 2019.

<https://today.thefinancialexpress.com.bd/first-page/bd-govts-2020-debt-rises-to-396pc-of-gdp-1618594725>

Work plan underway to retain GSP

- The government has initiated devising a work plan to sustain the country's generalized system of preferences or GSP facility in EU markets after its graduation from least developed country status, officials said. The move had been initiated amid doubts over the continuation of zero-tariff benefit on exports of Bangladeshi products in EU markets after the country's graduation from LDC. It is not certain whether Bangladeshi products would be getting existing GSP facility in EU markets beyond 2029 after obtaining the same for three years since 2026.

- As a LDC, Bangladesh is a major beneficiary of the EU's external trade policy meant for the impoverished nations. Currently, Bangladesh enjoys duty-free facility in exporting goods to the EU under its EBA (everything but arms) scheme. About 61% of Bangladeshi goods are exported to the EU markets. The Europe bloc is the largest destination of Bangladesh's garment exports, with shipments amounting to USD18.69 billion during the fiscal year 2019-20.

<https://today.thefinancialexpress.com.bd/last-page/work-plan-underway-to-retain-gsp-1618595232>

Draw up country risk management guidelines: Bangladesh Bank asks banks

- Bangladesh Bank yesterday asked banks to draw up country risk management guidelines focusing foreign nations, all aimed at absorbing unexpected economic shocks stemming from abroad. Banks will have to define the risks from foreign countries, meaning those with which banks get involved though business with both public and private companies. As a part of the move, the central bank issued guidelines on country risk management (GCRM) for banks. For the present, only in respect to the country, where a bank's net funded exposure is 2% or more of its total assets (mainly loans and advances), the bank is required to implement the GCRM policy.

- Bank will have to keep general provisions, with effect from the first quarter of 2022, against their net funded exposures in different countries on a graded scale ranging from 0.25% to 20%. If a country's rating is insignificant, banks do not have to keep any provision, but they have to keep aside funds for countries whose ratings span from low to high.

<https://www.thedailystar.net/business/news/draw-country-risk-management-guidelines-2078321>

ADN Telecom's IPO fund utilization time extended

- ADN Telecom has informed that the Bangladesh Securities and Exchange Commission (BSEC) has approved its application for alteration and the time extension of utilization schedule of IPO proceeds. The utilization of the remaining balance amount of BDT 288.6 million under the head of BMRE (balancing, modernization, rehabilitation and expansion), has been extended for two years up to 31 December 2022, the company said in a filing on the Dhaka Stock Exchange (DSE) on Thursday. The company has also informed that the utilization of the remaining balance amount of BDT 32.6 million under the head of data center has been extended for one year up to 30 September 2021 and the change of address of the data center. The utilization of the remaining balance amount of BDT 13.9 million under the head of loan repayment as soon as possible towards paying off outstanding loan with The City Bank, said

the company. ADN Telecom raised BDT 570 million in 2019 through initial public offering (IPO) under the book-building method to develop infrastructures, establish data center and repay bank loans.

<https://today.thefinancialexpress.com.bd/stock-corporate/adn-telecoms-ipo-fund-utilisation-time-extended-1618584821>

Inflation rises to 5.47% in March

- The point-to-point inflation increased to 5.47% in March last as the prices of some essential items went up mainly in the rural areas, according to official data released on Thursday. The Bangladesh Bureau of Statistics (BBS) showed that the inflation rate increased by 0.15 percentage points in March last from that of 5.32% in the previous month (February). The rate was 5.48% in the same month a year ago, the BBS statistics showed.
- Both the food and non-food inflation rates increased in the last month compared to the previous month of February. The food inflation increased by 0.09 percentage points to 5.51% in the last month from that of 5.42% in the previous month of February. The non-food inflation also increased slightly by 0.22 percentage points to 5.39% in March from 5.17% in the previous month.

<https://today.thefinancialexpress.com.bd/first-page/inflation-rises-to-547pc-in-march-1618510236>

ADP execution lowest in 11 years

- The government agencies implemented only about 42% of the revised development projects in the first three quarters of the current fiscal year (FY) which is the lowest in more than a decade, officials said on Thursday. They said the overall implementation rate this year deteriorated due to the health ministry's incapability to implement projects. The ministry, holding 5th largest development budget this FY, could implement only about 21% of its Annual Development Programme (ADP) during the July-March period of FY2020-21. According to the Implementation Monitoring and Evaluation Division (IMED) report, all the government ministries and agencies executed 41.92% of the ADP, 3.16 percentage points lower than that of the same period last FY20.
- A senior Planning Commission (PC) official said the government's development works are still in the frail trajectory as the public agencies' project execution capacity are not improving over the years. Some people may show Covid-19 as an excuse, but as the economy restarted at full speed from early this FY2021, the worst performance was unusual and unpredictable, he added. The economic activities restarted nine months ago and the ministries and agencies concerned got enough space to achieve their development targets for FY2021, he said, raising a question why the implementation rate lagged behind the previous year's performance.

<https://today.thefinancialexpress.com.bd/first-page/adp-execution-lowest-in-11-yrs-1618510181>

Businesses' deposits rise 12.6% amid pandemic

- Due to stagnation in investment and new business initiatives amid the coronavirus pandemic, the amount of bank deposits by businessmen and industrialists increased in 2020 compared to the previous year. Compared to 2019, the deposits increased by more than BDT 170 billion in 2020 or about 12.6%, according to the scheduled bank statistics report released by the central bank on Thursday.
- The former president of the Dhaka Chamber of Commerce and Industries (DCCI) said that over the past year businesses have been unable to make any new investments due to uncertainties amid the pandemic, which has led to an increase in their savings. The managing director of Mutual Trust Bank, said that the huge growth of remittances throughout the year 2020 is one of the reasons for the increase in deposits of the businesses and the banking sector as a whole. He said a portion of this remittance has also helped businesses increase their deposits. In addition, their deposits have increased due to lower imports over the last year.

<https://www.tbsnews.net/economy/businesses-deposits-rise-126-amid-pandemic-232228>

Midland Bank can allot 3.5 million IPO shares among its employees

- The securities regulator has exempted Midland Bank from the provision of maintaining stipulated IPO (initial public offering) quota for different types of shareholders. The Bangladesh Securities and Exchange Commission (BSEC) exempted the bank from the public issue rules to distribute shares, which will be considered as IPO shares, among its employees. As a result, Midland Bank will be able to allot 3.5-million shares among its employees and such shares will be considered as a part of the IPO. It said the shares distributed among employees would be locked for two years from the date of issuance of prospectus or close of subscription. After allotment of the shares among employees, the bank will distribute the remaining 66.5-million shares as per the rules having stipulated ceiling for IPO shares. Midland Bank will go to public to raise BDT 700 million under the fixed price method.

<https://today.thefinancialexpress.com.bd/stock-corporate/midland-bank-can-allot-35m-ipo-shares-among-its-employees-1618505673>

BSEC approves 1st SME proposal to raise capital

- The securities regulator has approved the first proposal for raising capital by an SME, namely Nialco Alloys, through the qualified investor offer (QIO). The company seeking to raise a capital worth BDT 75 million will be listed on the SME platform of the stock exchange. The maiden approval to the QIO of Nialco Alloys, a manufacturer of grade bronze and brass ingots, came Thursday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC) in the city. The regulatory approval came as part of the move taken to ensure long-term financing for the SME (Small and medium-sized enterprise) sector.
- Nialco Alloys will raise the said capital from the eligible investors (EIs) by offloading 7.5 million shares at an offer price of BDT 10 each. According to the prospectus, the company's net proceeds will be used for developing land, purchasing machineries and catering the QIO expenses. As per the BSEC approval, the company will not be allowed to issue any bonus shares within three years from the date commencing trading with the SME platform.
- According to the QIO prospectus, the principal activity and the nature of the business of Nialco Alloys include manufacturing of high grade bronze and brass ingots including gun metal, phosphorus bronze, leaded bronze, aluminium bronze, manganese bronze, sand cast brass (SCB), high tensile brass (HTB), die cast brass (DCB), master alloys, and phosphorus copper.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-1st-sme-proposal-to-raise-capital-1618505581>
<https://www.tbsnews.net/economy/stock/nialco-alloys-allowed-raise-BDT75cr-small-cap-boards-232183>
<https://www.newagebd.net/article/135457/first-sme-ipo-gets-bsec-nod>

BSEC okays BDT 100 million RBIMCO BGFI fund

- The stock market regulator has approved a draft prospectus of the open-end RBIMCO BGFI fund. The initial target fund size is BDT 100 million and the per-unit value is BDT 10. As a sponsor of the fund, Royal Bengal Investment Management Company will provide BDT 10 million and the remaining BDT 90 million will be open for general investors. Royal Bengal Investment Management is the fund manager, the trustee is Bangladesh General Insurance Company Limited, and the custodian is Brac Bank Limited.

<https://www.tbsnews.net/economy/stock/bsec-okays-BDT10cr-rbimco-bgfi-fund-232165>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$63.13	\$14.61	30.11%
Crude Oil (Brent)*	\$66.77	\$14.97	28.90%
Gold Spot*	\$1,776.51	(\$118.59)	-6.26%
DSEX	5,310.19	(91.88)	-1.70%
S&P 500	4,185.47	429.40	11.43%
FTSE 100	7,019.53	559.01	8.65%
BSE SENSEX	48,832.03	1,080.70	2.26%
KSE-100	45,305.63	1,550.25	3.54%
CSEALL	7,600.57	826.35	12.20%

Exchange Rates

USD 1 = BDT 84.85*
 GBP 1 = BDT 117.42*
 EUR 1 = BDT 101.67*
 INR 1 = BDT 1.14*

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

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