

*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.*

### **July-December export earnings up 14.42%**

- Export earnings from the country's merchandise shipments during the first half of the current fiscal year (FY) stood at USD 20.49 billion, marking a 14.42% growth over the corresponding period of the last fiscal.
- Exports of goods fetched USD 17.91 billion during the July-December period of the FY 2017-18.
- The export performance was 9.13% higher than the target set for this period.
- The single-month earnings grew by 2.18% to USD 3.42 billion in December last from USD 3.35 billion in 2017, according to the Export Promotion Bureau (EPB) data. The performance, however, fell short of the target, set for the month of December, by 3.49%.
- Earnings from export of readymade garments (RMG) during the July-December period of the current fiscal year increased by 15.65% to USD 17.08 billion from USD 14.77 billion in the corresponding period of last fiscal, according to the EPB data. Earnings also surpassed the target by 8.51%.

<http://today.thefinancialexpress.com.bd/public/first-page/jul-dec-export-earnings-up-1442pc-1546536890>  
<https://www.thedailystar.net/business/news/exports-rise-fall-short-target-1682728>  
<http://www.newagebd.net/article/60767/h1-export-earnings-top-target-with-205b>  
<https://www.dhakatribune.com/business/2019/01/03/export-earnings-post-14-42-growth-in-six-months-of-current-fy>

### **Import payments rise by 9.1% in July-November**

- Country's import payments rose by 9.12% in the July-November period of the current fiscal year (2018-2019) due mainly to a 59.59-% surge in payment against petroleum oils import.
- Bangladesh Bank officials said the import of fuel oils, crude and refined, rose due to an increased demand for the items in the newly established fuel-based power plants. Besides, high price of petroleum in the international market during the period was another reason for high import payment for petroleum oils, they said.
- According to Bangladesh Bank data, the country settled import payments worth USD 22.47 billion in July-November of FY19, which was USD 20.59 billion in the same period of FY18.
- Country's import payment growth in the five months of FY19 was higher than the growth in the same period of the previous fiscal year when import payment growth was 8.25%.

<http://www.newagebd.net/article/60867/import-payments-rise-by-912pc-in-jul-nov>

### **Loan rescheduling soars 30%**

- Loan rescheduling soared about 30% to BDT 109.63 billion in the first nine months of 2018, fuelling further fears for the sector.
- Six banks accounted for 62% of the total rescheduled loans between January and September last year, according to data from the Bangladesh Bank.
- Between 2012 and 2017, banks rescheduled loans amounting to BDT 895.15 billion. The rise in loan rescheduling in recent times has created extra pressure on the banking sector, analysts said.
- Bankers should change their mindset as many of them have offered loans to clients without verifying their actual business condition, said a former BB governor.

<https://www.thedailystar.net/business/banking/news/loan-rescheduling-soars-30pc-1682752>

### **Transaction growth through mobile financial service falls**

- Growth in transaction through mobile financial services slowed down in 2018 despite significant growth in active MFS accounts.
- As per the latest central bank data, daily average transaction through mobile financial services grew by 7.17% in

November 2018 compared with the daily average transaction in January of the year, when growth rate was 16.7%.

- It shows that daily average transaction through MFS stood at BDT 10.51 billion in November 2018 against BDT 9.81 billion in January of the year.
- In January 2017, growth in daily average transaction value through MFS was 50.52% against the 47.7% growth in January of the previous year. Daily average transaction through MFS was BDT 8.40 billion in January 2017 against BDT 5.58 billion in January, 2016. The figure was BDT 3.78 billion in January 2015.
- On the other hand, the growth in active MFS accounts was 71.74% in January-November of 2018 against 25.5% growth during the entire 2017. The number of active MFS accounts stood at 35.6 million at the end of November this year against 20.7 million active accounts in January this year.
- High transaction cost along with lowering of transaction limit by the central bank to tackle digital hundi (an illegal form of remitting money in the country) are the major reasons behind the slowdown in transaction growth through MFS providers, officials of central bank said.

<http://www.newagebd.net/article/60943/transaction-growth-through-mobile-financial-service-falls>

### **National Board of Revenue (NBR) cuts source tax in readymade garment (RMG) sector**

- The tax at source in the export-oriented readymade garment sector has been reduced to 0.25% from the existing 0.6% to enhance the sector's competitive edge in the world market.
- Earlier on September 05 this year, the tax at source for RMG exports has been reduced to 0.6% from 1.0%.
- NBR Chairman said that the RMG factory owners have demanded of the government to give tax exemption facility to this sector in view of implementation of the new wage structure for the RMG workers.

<https://www.thedailystar.net/business/news/govt-mulls-power-export-winter-1681642>

<https://www.thedailystar.net/business/news/source-tax-exports-cut-025pc-1682725>

<http://www.newagebd.net/article/60768/source-tax-on-exports-cut-further-to-025pc>

### **Bangladesh Investment Development Authority (BIDA) seeks nearly BDT 2.0 billion to build its headquarters**

- The Bangladesh Investment Development Authority (BIDA) has sought more than twice the funds it had originally asked for building its 12-storied headquarters (HQ). The BIDA has now proposed to complete the building construction work by December 2019.
- Besides, the country's investment promoter has also sought a total of eight and a half years time to complete construction of the HQ in Dhaka's Agargaon area.
- According to the revised DPP, the BIDA proposed to spend BDT 1.98 billion higher funds from its originally estimated cost of BDT 983.48 million.

<http://today.thefinancialexpress.com.bd/public/first-page/bida-seeks-nearly-BDT-1546622778> -20b-to-build-its-headquarters-

### **Country's tax-GDP ratio not commensurate with state of development**

- The country's tax-GDP ratio continues to miss its target despite a fast-expanding economy.
- Policymakers and analysts across the globe use the tax-to-GDP ratio to compare tax receipts year on year. In most cases, they believe, taxes are related to economic activity. The ratio should stay relatively consistent. As the GDP grows, tax revenue should increase as well.
- The tax-GDP ratio in the year that ended on June 30 last was just 9.27%, down by 2.28% point from its original estimate. And it was also down by 1.06% point from the revised target of the same fiscal year (FY). However, FY 2018's tax-GDP ratio was slightly higher than previous year by approximately 0.3% point.

<http://today.thefinancialexpress.com.bd/public/first-page/countrys-tax-gdp-ratio-not-commensurate-with-state-of-development-1546622634>

### **Japanese firm to invest USD 10 million in Meghna economic zone**

- Japanese Sakata Inx is set to invest USD 10 million to establish a liquid ink manufacturing plant in the Meghna

Industrial Economic Zone (MIEZ), a development that can reduce the country's import dependency of the product.

- At present, the packaging industry imports liquid ink worth about BDT 22.00 billion a year, according to executive chairman of Bangladesh Economic Zones Authority.
- The Osaka-based company is one of the leading printing ink manufacturers in the world and will be investing in the Bangladesh venture through its Indian subsidiary.
- The company, which signed the land lease agreement with the MIEZ yesterday, is aiming to go for commercial operations within 18 months, said the chairman of Sakata Inx (Bangladesh).
- Initially, the plant will churn out some 6,000 tonnes of liquid ink per year to meet the growing demand for the item, which is now being imported, the chairman of Sakata Inx (Bangladesh) said. The venture will create at least 100 jobs, he added.

<https://www.thedailystar.net/business/economy/news/japanese-firm-invest-10m-meghna-economic-zone-1682770>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) revenue surges on 4G spectrum sales**

- The telecom regulator's revenues rose 58.51% year-on-year to BDT 64.45 billion in the last fiscal year, a four-year high backed by earnings from the sales of 4G spectrum.
- Bangladesh Telecommunication Regulatory Commission (BTRC) raked in BDT 40.66 billion in 2016-17 and BDT 42.08 billion in 2015-16.
- More than half of the revenue, or BDT 35.21 billion, came from the spectrum sales to mobile phone operators in February last year.
- In 2017-18, the telecom regulator earned BDT 25.02 billion in revenue shared by all telecom service providers, the second largest contributor to the earnings of the BTRC. It was BDT 26.49 billion in 2016-17.

<https://www.thedailystar.net/business/news/btrc-revenue-surges-4g-spectrum-sales-1682740>  
<http://www.newagebd.net/article/60769/govt-earnings-from-telecom-operators-revenue-sharing-drop-in-fy18>

### **12 banks become shareholders of bourses' clearing company**

- Twelve banks have become shareholders of Central Counterparty Bangladesh Limited, a proposed clearing and settlement company of Dhaka and Chittagong stock exchanges.
- The company will settle trading activities, which will reduce settlement risk, provide trading anonymity and make the settlement operations more efficient.
- The 12 banks are: Mutual Trust Bank, Agrani Bank, Prime Bank, Mercantile Bank, Modhumoti Bank, NRB Bank, National Bank, National Credit and Commerce Bank, NRB Global Bank, Rupali Bank, Social Islami Bank and Standard Bank.
- The company would allocate 15% of its shares worth BDT 450.00 million to the banks — equal number of shares to each bank. Each bank will be allocated 0.38 million shares worth BDT 37.5 million.

<http://www.newagebd.net/article/60869/12-banks-become-shareholders-of-bourses-clearing-company>

### **Government's revenue from Dhaka Stock Exchange (DSE) dives 25%**

- The government's revenue earnings from the premier bourse declined about 25% in the first six months of the current fiscal year (FY), 2018-19, compared to the same period of the previous fiscal.
- Lower turnover amid bearish trend in the capital market throughout the six months contributed to the fall in the revenue collection.
- The revenue comes from share transactions and the capital gains on stock sales and transfer of shares by sponsor-directors.
- In the first six months of the FY 2018-19, the Dhaka Stock Exchange (DSE) deposited over BDT 1.06 billion to the government's exchequer, down from BDT 1.42 billion collected during July-December, 2017-18. Of the total amount of BDT 1.06 billion collected during July-December of FY 2018-19, over BDT 780.92 million came from brokers' commission charged on share transactions.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/govts-revenue-from-dse-dives-25pc-1546531320>  
<http://www.newagebd.net/article/60665/govts-tax-collection-from-dse-drops-by-2442pc-in-jul-dec>

### **56,448 new beneficiary owner (BO) accounts opened in 2018**

- As many as 56,448 new beneficiary owner (BO) accounts were opened in 2018, bringing the total number to 2,778,796, according to Central Depository Bangladesh Limited (CDBL).
- Stakeholders of the market said investors usually open new BO accounts to buy initial public offering (IPO) shares. An insignificant portion of new BO account holders is typically involved in the secondary market.
- An abnormal surge in the share prices of newly listed companies last year, after their debuts at the stock exchanges, encouraged people to open new BO accounts.

<https://www.dhakatribune.com/business/stock/2019/01/05/56-448-new-bo-accounts-opened-in-2018>

### **Japanese company wants to subscribe for 11.1 million shares in JMI Syringes**

- A Japanese company has shown 'keen' interest to subscribe for a substantial amount of shares in the JMI Syringes & Medical Devices, a listed company.
- The NIPRO Corporation of Japan is willing to subscribe for 11,100,000 ordinary shares, according to a disclosure posted on the website of the Dhaka Stock Exchange (DSE).
- The board of JMI Syringes has recommended the proposed subscription by NIPRO Corporation, subject to consent of the shareholders, the securities regulator and all other relevant regulatory bodies.
- The paid-up capital of JMI Syringes will be raised through issuing 11,100,000 ordinary shares, subject to consent of the shareholders, Bangladesh Stock Exchange Commission (BSEC) and all other relevant regulatory bodies.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/japanese-co-wants-to-subscribe-for-111m-shares-in-jmi-syringes-1546531377>

### **JMI Syringes net profit growth moderates**

- JMI Syringes & Medical Devices has witnessed a moderate growth in turnover and net profit, among others, for the year ended on June 30, 2018 compared to the same period of the previous fiscal year.
- For the fiscal year (FY) 2017-18, the company reported gross turnover of above BDT 1.57 billion (157 crore), 5.52% higher than the gross turnover of the previous FY.
- Following the company's efforts towards improving quality system, the company's earnings per share (EPS) and net asset value (NAV) also rose for the FY 2017-18.
- The NIPRO Corporation of Japan has shown 'keen' interest in subscribing for a substantial amount of shares in the JMI Syringes & Medical Devices. The NIPRO Corporation is willing to subscribe for 11.10 million ordinary shares, according to a disclosure posted on the website of the Dhaka Stock Exchange (DSE). The proposal of Japan is supposed to be implemented in line with the approval of the shareholders, the Bangladesh Securities and Exchange Commission (BSEC) and all other relevant regulatory bodies.
- According to the annual report, the operating profit of JMI Syringes & Medical Devices stood above BDT 261.54 million for the FY 2017-18 against over BDT 257.02 million calculated for the previous FY. For the FY 2017-18, the company's net profit rose 1.26% to close above BDT 75.49 million from over BDT 74.55 million in the previous FY. The earnings per share (EPS) stood at BDT 6.86 for the FY 2017-18 against BDT 6.78 for the previous FY. The company's net asset value (NAV) per share rose 5.37% to close at BDT 71.27 for the year ended on June 30, 2018 compared to the same period of the previous year.

<http://today.thefinancialexpress.com.bd/stock-corporate/jmi-syringes-net-profit-growth-moderates-1546701118>

### **Esquire Knit initial public offering (IPO) opens tomorrow**

- The initial public offering (IPO) of Esquire Knit Composite opens tomorrow (January 06) for public subscription, aiming to raise a capital of over BDT 562 million. The subscription period ends on January 20, 2019.
- The company is going to raise a total capital of BDT 1.50 billion through issuing 34.89 million ordinary shares under the book-building method.

- Of the total shares, 60% or 20.83 million shares (worth BDT 937 million) are reserved for eligible investors at a cut-off price. The remaining shares are offered for public subscription.
- The cut-off price of Esquire Knit share was fixed at BDT 45 each on July 14 last year by the institutional investors through bidding.
- The remaining 40% or 14.06 million shares will be available for the individual investors, including affected small investors and non-resident Bangladeshis.
- The general investors will get IPO shares at 10% discount on the cut-off price, meaning they will get each share of the company at BDT 40.
- The proceeds will be used to buy machinery, construct buildings and meet the IPO expenses.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/esquire-knit-ipo-opens-tomorrow-1546618755>  
<https://www.dhakatribune.com/business/stock/2019/01/05/ipo-subscription-of-esquire-knit-composite-begins-today>

### **Walton holds IPO road show on January 15**

- Walton Hi-Tech Industries Limited (WHIL) will hold a road show for eligible institutional investors on January 15 as the company intends to go public, according to a statement.
- The road show will be held at 6:30 pm at Walton Corporate Office at Bashudhara Residential Area's Plot No. 1088, Block-I, Sabrina Sobhan 5th Avenue under Vatara in the capital.
- Eligible institutional investors will get detailed information about the company as per the rules of Public Issue 2015 of the Bangladesh Securities and Exchange Commission.
- The electronics manufacturer aims to collect BDT 1.0 billion from the capital market through initial public offering using the book building method for the purpose of factory expansion, modernisation, research and development, repaying partial bank loans and meeting initial public offering (IPO) expenses.
- As of the July to September period of the current fiscal year 2018-19, the company registered its EPS (Earnings Per Share) and NAV (Net Asset Value) at BDT 10.41 and BDT 208 respectively.
- Currently, the authorised and paid-up capital of the company are BDT 6.0 billion and BDT 3.0 billion respectively.
- AAA Finance and Investment Limited has been appointed as the issue manager of the company and Prime Bank Investment Limited has been appointed as the registrar.

<http://today.thefinancialexpress.com.bd/stock-corporate/walton-holds-ipo-road-show-on-jan-15-1546703682>  
<https://www.dhakatribune.com/business/2019/01/05/road-show-walton-to-collect-BDT-100-crore-from-capital-market>

### **Sinobangla moves to raise production capacity**

- Sinobangla Industries has taken an initiative to enhance its production capacity by about 150 tonnes per month. Two floors of the factory will also be upgraded to have clean room facilities.
- The total estimated cost of the expansion would be about BDT . 150 million, which will be financed with funds partially from its internal source as well as bank loans.
- To achieve additional production, the board decided to procure capital machinery. Apart from the equipment, a few other ancillary equipment/accessories would also be produced and investment would be made for upgrading two floors of the factory to the level of clean room facilities.
- Sinobangla Industries, presently an 'A' category company, was listed with the stock exchanges in 1999. The company's sponsor-directors hold 30.61% shares, institutes 6.25%, foreign shareholders 9.58% and general shareholders 53.56% as of November 30, 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/sinobangla-moves-to-raise-production-capacity-1546701182>

### **Sonali's operating profits rocket**

- Sonali Bank's operating profits soared in 2018 thanks to recovery of huge amounts of bad debts and lending to the call money market.

- The state-run lender logged in operating profits of BDT 20.59 billion, up 72.20% from a year earlier, according to the progress report it forwarded to the banking division last week.
- According to its managing director Sonali had conducted a special drive for loan recovery last year that helped the bank to manage the large profit.
- The bank recovered a total of BDT 36.68 billion from its classified loans, of which the cash recovery was more than BDT 10.00 billion. About BDT 250.00 million was recovered from their written off loans amounting to BDT 71.88 billion.
- The managing director also said that the bank will lay the highest emphasis on recovery of loans that are stuck with court cases. Besides, the state-run lender bagged a good amount of profit by lending to the call-money market last year, when the majority of the private banks faced a liquidity crunch.

<https://www.thedailystar.net/business/news/sonalis-operating-profits-rocket-1683622>

#### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$45.84	-0.70	-1.50%
Crude Oil (Brent)*	\$54.59	-0.32	-0.58%
Gold Spot*	\$1,289.00	+4.41	+0.34%
DSEX	5496.44	+31.18	+0.57%
Dow Jones Industrial Average	23,346.24	+18.78	+0.08%
FTSE 100	6,734.23	+6.10	+0.09%
Nikkei 225	20,014.77	-62.85	-0.31%

#### Exchange Rates

USD 1 = BDT 83.72\*  
 GBP 1 = BDT 105.05\*  
 EUR 1 = BDT 95.09\*  
 INR 1 = BDT 1.19\*

\*Currencies 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	Deputy Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Md. Sakib Chowdhury	Research Analyst	<a href="mailto:sakib.chowdhury@bracepl.com">sakib.chowdhury@bracepl.com</a>	01709 641 247
S. M. Samiuzzaman	Research Analyst	<a href="mailto:sm.samiuzzaman@bracepl.com">sm.samiuzzaman@bracepl.com</a>	01708 805 224
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Ahmed Zaki Khan	Research Associate	<a href="mailto:zaki.khan@bracepl.com">zaki.khan@bracepl.com</a>	01708 805 211
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiquislam@bracepl.com">mrafiquislam@bracepl.com</a>	01708 805 229

#### 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
----------------------	-------------------------------------	--	---------------