

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.

Macro:**Bangladesh close to being world's top cotton apparel exporter**

- Bangladesh is close to surpassing China as the world's largest cotton apparel exporter and stronger demand prospects are expected to drive cotton consumption higher, said the US Department of Agriculture (USDA). The US agency, citing the annual fashion industry benchmarking study by the USFIA, said American fashion companies are attempting to reduce their sourcing from China.
- As such, American brands are reallocating their sourcing orders to other markets, including Bangladesh, to minimise logistical and political risks. "The USFIA study also indicates that Bangladesh is the most competitive apparel supplier from a cost structure point of view, scoring higher than any other country," the USDA said in its report.

<https://www.thedailystar.net/business/economy/news/bangladesh-close-being-worlds-top-cotton-apparel-exporter-3392796>

Net RMG export ratio at all-time high of 71.5%

- Bangladesh's readymade garment (RMG) net exports increased significantly in the April-June quarter, contributing positively to the country's trade balance, according to Bangladesh Bank data. Net exports – total exports minus raw material imports – surged to an all-time high of 71.5%, reaching USD 8.4 Bn in that quarter.
- According to central bank data, the total export in the RMG sector in the final quarter of FY23 was USD 11.74 Bn. Out of this amount, USD 3.35 Bn was spent on the import of raw materials for these products, accounting for 28.5% of total earnings. That is, net exports of domestic garments added a value of USD 8.4 Bn. This is about 39% higher than the same quarter of the previous fiscal year.

<https://www.tbsnews.net/economy/rmg/net-rmg-export-ratio-all-time-high-715-680734>

South Korean company to invest USD 9.39 Mn in BEPZA EZ

- South Korean company Giant BD Footwear Ltd is going to invest USD 9.39 Mn to set up a Shoe & Shoe Accessories manufacturing factory in BEPZA Economic Zone (BEPZA EZ). Bangladesh Export Processing Zones Authority (BEPZA) signed an agreement with the company to this effect at BEPZA Complex in Dhaka today (10 August). This fully foreign owned company will produce annually 20 Mn pairs of different kinds of shoes/sandals & shoe accessories where 600 Bangladeshi nationals will get employment opportunities.

<https://www.tbsnews.net/economy/industry/south-korean-company-invest-939-million-bepza-ez-680414>

Govt working to build D-8 economic zone

- The government is working on setting up an economic zone in Bangladesh for member-states of the D-8 Organisation for Economic Cooperation, also known as Developing-8, aiming at boosting trade among the D-8 nations. Meanwhile, the Foreign Ministry and the Bangladesh Economic Zones Authority (Beza) have exchanged letters regarding the construction of the economic zone.

<https://www.tbsnews.net/economy/govt-working-build-d-8-economic-zone-680994>

World's biggest jute mill nears commercial production

- Akij Jute Mills had a soft launch last month and is currently busy installing machinery for commercial production scheduled to begin this December. Covering a sprawling area of 450 bighas, the mill will have six factories, each spanning an impressive 175,000 square feet. With a staggering production capacity of 600 tonnes per day, the mill "will be the largest jute composite textile mill in the world", said G Murshid Bappi, director (operations) of Akij Jute.

<https://www.tbsnews.net/economy/industry/worlds-biggest-jute-mill-nears-commercial-production-680990>

6 diesel-fired plants to shut by year-end, saving BDT 22.5 Bn annually

- The government plans to retire six diesel-fired power plants, with a combined capacity close to 1000 MW, before the end of 2023. According to official sources, the six plants, belonging to four private companies, are Bangla Track's 300 MW, Aggreko's 200 MW (Awarahati 100 MW and Brahmanaon 100 MW), APR Energy's Pangaon 300 MW, and Paramount's Baghabari 200 MW.
- As per the BPDB Annual Report 2021-22, the country's total grid-connected generation capacity is 22,482 MW, of which diesel-fired plants contributed 1290 MW, or 5.7% of the total capacity. In fiscal 2021-22 fiscal year, the cost per kilowatt-hour of electricity by diesel was BDT 154.11, while for gas-fired power plants it was BDT 3.46. It was BDT 9.17 for coal-fired plants and BDT 22.10 for furnace oil-based plants.

<https://www.tbsnews.net/bangladesh/energy/6-diesel-fired-plants-shut-year-end-saving-tk2250cr-annually-681318>

Team Group, Swisscontact, Swedish embassy to groom workers for high-end garment items

- Swedish government's private arm Swisscontact and the Swedish embassy in Dhaka today signed a memorandum of understanding with local Team Group to groom the skilled young workers in the making of high-end value-added garment items. The Swisscontact (Progress) will facilitate the 4A Dyeing Ltd, the Team Group's platinum rated green garment factory at Savar in Dhaka, for grooming its workers for manufacturing the garment items maintaining green compliances.

<https://www.thedailystar.net/business/news/team-group-swisscontact-swedish-embassy-groom-workers-high-end-garment-items-3392571>

Pragati to start assembling sedans by December

- Pragati Industries Limited (PIL), a state-run automobile assembler of Bangladesh, is going to start assembling sedans of foreign make by December this year, according to company officials. "Whether it is a Japanese or Korean brand, we will start assembling sedans by December," said Md Abul Kalam Azad, managing director of PIL.
- Earlier in May, the PIL had reached a consensus with Mitsubishi Motors Corporation (MMC) to establish a complete knock-down setup for assembling cars designed by the Japanese automaker. PIL currently assembles sport utility vehicles, such as the Pajero Sport, active sports crossovers and double-cabin pickups of the Japanese brand as well as buses designed by India's Tata.

<https://www.thedailystar.net/business/economy/news/pragati-start-assembling-sedans-december-3391396>

Govt to build tech park in Dhaka

- The ICT Division is building a technology park in the capital's Karwan Bazar for BDT 1.6 Bn as it looks to install business incubation centres at universities and collaborate with industry and academia with the infrastructure. Spanning over an area of 0.47 acres, the park is the result of a collaborative financial partnership between the Bangladesh government and the World Bank under the Digital Entrepreneurship and Innovation Ecosystem Development Project of the ICT Division.

<https://www.thedailystar.net/business/economy/news/govt-build-tech-park-dhaka-3390591>

How foreign buyers boosting real estate

- Foreign individuals and companies engaged in operations in Bangladesh spent approximately BDT 3.21 Bn to purchase 216 residential flats in 2022. There were 2,486 such purchases worth BDT 25.42 Bn between 2013 and 2022, a trend that real estate businesses welcome as a significant contributor to the sector's growth.
- According to Shihab Ahmed, senior general manager of Shanta Holdings, expatriates who need to stay in Bangladesh for a long time for work or business usually purchase flats. Besides, multinational companies buy units to accommodate their expat employees.

<https://www.tbsnews.net/economy/how-foreign-buyers-boosting-real-estate-681442>

A fifth of banks jump on digital bandwagon to power growth

- Nearly a fifth of conventional banks in Bangladesh are preparing to establish digital banks to expand their reach to every nook and cranny of the country, win and retain tech-savvy customers without physical presence. Ten private banks have already formed a consortium to set up a digital bank -- Digi10 Bank PLC -- while Bank Asia and Brac Bank have also shared their decisions to become sponsors for two digital banks.
- Two analysts have welcomed the bid by banks to join the digital banking segment, saying this will increase competition and include unbanked people in the formal financial system, enabling the country to attain its goal of financial inclusion and become a cashless economy.

<https://www.thedailystar.net/business/economy/news/fifth-banks-jump-digital-bandwagon-power-growth-3391426>

Govt fixes wage structure for expat workers

- The government has launched a wage structure for the country's outbound workers to ensure their desired income, and help boost the country's foreign-exchange earnings. The wages have been fixed under three categories - less-skilled, semi-skilled and skilled - for 11 manpower-receiving countries. From now on, the recruiters will have to bring demand for jobs from abroad following the salary structure. The government will not accept any job offers below the wage structure, officials said.

<https://thefinancialexpress.com.bd/economy/bangladesh/govt-fixes-wage-structure-for-expat-workers>

New wage for RMG workers likely by November

- New wages for garment workers will be decided by November and implemented in the following month, said Liakot Ali Mollah, chairman of the Minimum Wage Board of the labour ministry. Representatives of readymade garment (RMG) owners and workers did not submit any proposals for the new wages during the second meeting of the wage board, as they wanted to hold further consultations. According to statistics for December 2021, Bangladesh has the lowest wage among the seven South Asian countries – Pakistan, Sri Lanka, India, Myanmar, Cambodia, and Indonesia.

<https://www.tbsnews.net/economy/rmg/further-consultation-needed-fixing-wage-garment-workers-owners-wage-board-meeting-680266>

Bangladesh muses about use of wind power potential

- Bangladesh has now moved to utilise wind-power potential with an eye to reducing its reliance on imported fuels to meet the mounting energy demand. The country's largest wind-powered Cox's Bazar 60-megawatt plant is all set to start commercial operation in October amid struggles to source fossil fuels.
- Eighty-per cent of work on the facility, owned by US-DK Green Energy (BD) Ltd, have already been done, project director Mukit Alam Khan told the FE on Thursday. It is currently supplying around 15-20 MW of electricity on a test run. Chinese State Power Investment Corporation and Wuling Power Corporation are investing an estimated USD 117 Mn in the project.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-muses-about-use-of-wind-power-potential>

Debt-to-GDP ratio rises

- Bangladesh's debt-to-GDP ratio rose by around two percentage points to 32.55% in the third quarter of last fiscal year 2022-23, according to the latest quarterly debt bulletin of the finance ministry. On December 31, 2022, it was 30.56%.
- Though the debt to GDP ratio grew in the quarter, the finance ministry said it was still significantly lower than what the International Monetary Fund (IMF) recommends, which is less than 55%. The total outstanding debt of Bangladesh was BDT 14,483.33 Bn as of March 31, 2023, up from BDT 13,598.98 Bn on December 31, 2022, the ministry data shows. Out of the total debt of the country, 63% was domestic and the remaining 37% owed abroad.

<https://www.thedailystar.net/business/economy/news/debt-gdp-ratio-rises-3391416>

Bank deposits up, private borrowing down contrarily

- Bank deposits in the country continue to grow largely amid lesser demand for credits by the private sector, in what is seen as a sign of lower investments. Officials and bankers said the liquidity situation in the commercial banks continued improving amid positive growth in deposits, but borrowing by businesses was lesser on the contrary.
- According to the latest statistics with the BB, the total deposit liabilities, excluding interbank items, of the scheduled banks increased by BDT 250.52 Bn or 1.58% to BDT 16.13 Tn during the first quarter (January-March) of this calendar year. In the previous quarter (October-December in 2022), the deposits with the banks increased by BDT 116.39 Bn while the volume of enhanced deposits amounting to BDT 24.23 Bn was recorded in January-March quarter in 2022. Seeking anonymity, a BB official said the increase in deposits during the first quarter of this calendar year was due to "significant increase in urban deposits".

<https://thefinancialexpress.com.bd/economy/bangladesh/bank-deposits-up-private-borrowing-down-contrarily>

Apparel export to US ebbs down in H1

- Bangladesh's apparel export to the United States ebbed down during the first half of this year apparently as global economic slowdown, high inflation and rising interest rates dampened consumer demand. Bangladesh's readymade garment exports fetched USD 3.82 Bn during the January-June period from America, marking a 23.55% fall, according to the data released on August 08 by OTEXA, an affiliate of the US Department of Commerce.
- Under the overall economic downswing, Bangladesh, however, did a bit better than its competitors in clothing export. China and Vietnam counted contractions by 29.16% and 26.73% respectively during the period under review, OTEXA showed. Apparel exporters and experts cited a sluggish demand amid economic slowdown, high inflation and rate rises in the USA as factors affecting the trade.

<https://thefinancialexpress.com.bd/economy/bangladesh/apparel-export-to-us-ebbs-down>

Most banks in tight spot amid liquidity crunch

- A majority of banks in Bangladesh are facing difficulties in running their day-to-day banking activities owing to a tightening liquidity caused by the dragging foreign currency crisis, slower deposit growth and lacklustre loan recovery. This has forced lenders to turn to the call money market, a short-term money market that allows large financial institutions to borrow and lend, to secure funds in order to meet their payment obligations.
- Classified loans, which erode a bank's lending capacity, have also soared. Non-performing loans (NPLs) totalled BDT 1316.2 Bn in March, marking a 16.02% increase year-on-year, BB data showed. The volume was 8.80% of the total credits disbursed in the banking sector. Bankers say a portion of letters of credit has already turned into forced loans owing to borrowers' failure to pay back on time.
- Against the backdrop, the call money rate, the interest rate on overnight loans – surged to as high as 7.75% on Thursday. According to bankers, the call money market has been witnessing huge pressure since the middle of 2022. So, a growing number of banks, including shariah-based lenders, are taking liquidity support from the central bank despite the hike in the policy rate. A senior official of the central bank said the volatility in the foreign exchange market may be the main reason for the tight liquidity situation in the banking sector.

<https://www.thedailystar.net/business/economy/news/most-banks-tight-spot-amid-liquidity-crunch-3392836>

With rising liabilities, sick industries are losing regulator's empathy

- A total of 3,100 companies, registered between 2010 and 2019, either turned sick or defunct over the years with their liabilities accumulating to BDT 280 Bn, finds the regulatory body. The capital of these entities is just half the amount they owe banks, other businesses and individuals, standing at BDT 145 Bn.
- The Registrar of Joint Stock Companies and Firms (RJSC) has revealed the numbers as it plans to clear its list of such hole-in-the-wall businesses that are producing fewer assets but more liabilities. According to RJSC sources, investigations will be conducted in phases and debilitated companies that cannot be revived will be recommended for closure and the registration of the defunct ones will be revoked through court orders.

<https://www.tbsnews.net/economy/rising-liabilities-sick-industries-are-losing-regulators-empathy-680090>

Why Noman Group suspends plans for 3 new RMG factories

- Noman Group, one of the country's leading exporters with around 80,000 employees in its 32 factories, recently suspended its decision to invest in three new ready-made garment factories. Nurul Islam, chairman of the group, said the investment plans have been scrapped due to escalating fuel prices, the reverberations following the Russia-Ukraine conflict, as well as some domestic and international issues.
- "Earlier, all the companies in our group had to pay gas bills worth BDT 350 Mn - BDT 400 Mn per month. Now after the price hike, the cost has jumped to BDT 1.20 Bn. The cost has increased by BDT 800 Mn per month," he said. A year and a half ago, Noman Group's major subsidiaries, Zaber & Zubair Fabrics Limited and Noman Terry Towel Mills Limited were collectively exporting over USD 400 Mn annually. However, that figure has now dwindled to USD 300 Mn.

<https://www.tbsnews.net/economy/rmg/why-noman-group-suspends-plans-3-new-rmg-factories-681006>

How tax on foreign loan interest hurts businesses, banks

- Global interest rate has been on the rise and a 20% "withholding tax" imposed in the current budget on interest payment has made foreign loans costlier. The cost of borrowing has now shot up to around 11%. Analysts and bankers predict that this measure will significantly impede the growth of the industrial sector within the country, given that entrepreneurs have relied on these cost-effective loans to fuel their business expansions.
- According to data from the central bank, as of March this year the foreign debt owed by the private sector surpasses USD 22 Bn, of which USD 13.66 Bn is short-term. The outstanding short-term loan amount through offshore banking units was USD 2.92 Bn at the end of June this year, Bangladesh Bank data shows. With more expensive foreign loans and trade finance facilities, manufacturing sectors might be forced to scale down their production, ultimately resulting in decline in supplies and overall trade activities.

<https://www.tbsnews.net/economy/how-tax-foreign-loan-interest-hurts-businesses-banks-680570>

Wage growth below inflation for 18th month straight

- Although wage growth in Bangladesh has been slowly climbing since July 2021, it has remained below the inflation rate for the past 18 months consecutively, according to the Bangladesh Bureau of Statistics (BBS). The wages of low and unskilled workers grew 7.52% year-on-year in July 2023, which was 2.17 percentage points below the inflation rate of 9.69% that month, shows the Wage Rate Index of the BBS.
- The case was similar in June, when the wages of workers across 44 occupations in agriculture, industry and services grew 7.32%, which was 2.42 percentage points below the inflation rate at the time. Analysts say the widening gap between the inflation rate and wage growth is forcing low-income and unskilled workers to cut consumption amid falling real incomes and rising cost of living.

<https://www.thedailystar.net/business/economy/news/wage-growth-below-inflation-18th-month-straight-3392701>

Austerity Measures: Govt misses the mark

- In the end, the government's austerity stance did not yield much savings last fiscal year. When the cocktail of belt-tightening measures was announced on the first working day of fiscal 2022-23, it was hoped that at least BDT 230 Bn would be saved during the course of the year, a development that would help push down the elevated inflation level. In reality, the savings amounted to BDT 150 Bn as per initial estimates, The Daily Star has learnt from finance ministry officials involved with the proceedings. "The savings were not much as the belt-tightening measures were not implemented faithfully," said one of the officials, adding that the final calculation of the savings made would take some time to materialise.

<https://www.thedailystar.net/news/bangladesh/news/austerity-measures-govt-misses-the-mark-3392746>

Stocks:**NCCBANK | NCC Bank declares 10% dividends**

- NCC Bank Ltd approved 10% dividends, including 5% cash dividend, for the year that ended on December 31, 2022. This approval was given at the bank's 38th annual general meeting, which was held virtually yesterday, said a press release. Highlighting the business progress, Bashar said that the shareholders' equity, total assets, and earnings per share of the bank are increasing gradually which is reflected in credit ratings and CAMELS rating of the bank.

<https://www.thedailystar.net/business/economy/banks/news/ncc-bank-declares-10-dividends-3391326>

PRAGATILIF | Pragati Life Ins announces 12% cash dividend

- Pragati Life Insurance Ltd approved 12% cash dividend for the year that ended on December 31, 2022. The approval was given at the insurer's 23rd annual general meeting, which was held virtually yesterday, said a press release.

<https://www.thedailystar.net/business/economy/news/pragati-life-ins-announces-12-cash-dividend-3391341>

MERCANBANK | Mercantile Bank to invest BDT 125 Mn in Digi10 Bank

- Mercantile Bank Ltd is going to invest BDT 125 Mn to be a sponsor shareholder of a proposed digital bank initiative styled "Digi10 Bank PLC". The board of directors of the bank recently took the decision in its 427th meeting held on August 9, said a press release.
- According to the press release, Mercantile Bank will join a consortium of 10 private commercial banks who will apply for the digital bank initiative to the regulatory authority. The initial paid-up capital of the proposed initiative "Digi10 Bank PLC" will be BDT 1.25 Bn. Mercantile Bank will invest BDT 125 Mn which is 10% of the initial paid-up capital of the initiative.

<https://www.thedailystar.net/business/economy/news/mercantile-bank-invest-tk-125cr-digi10-bank-3392776>

UNIQUEHRL | Unique Hotel to invest BDT 125 Mn in digital bank

- Another publicly traded company, Unique Hotel & Resorts PLC, has decided to become a sponsor shareholder of a proposed digital bank named 'AMAR Digi Bank PLC'. In a board meeting held on Thursday, the owner of The Westin Dhaka, has decided to invest BDT 125 Mn in the proposed digital bank, along with other sponsors.
- The investment amount is 10% of the total paid-up capital of the digital bank, the company said in a price-sensitive information filing. The company said the proposed digital bank's authorised capital is BDT 2.50 Bn while the paid-up capital is BDT 1.25 Bn. The investment will be done subject to approval from regulatory authorities, said the company.

<https://thefinancialexpress.com.bd/stock/bangladesh/unique-hotel-to-invest-tk-125m-in-digital-bank>

STANDBANKL | Standard Bank gets new DMD

- Md Siddiqur Rahman recently joined the shariah-based Standard Bank Ltd as its deputy managing director and chief operating officer. Rahman was serving as a deputy managing director, chief risk officer and chief anti money laundering compliance officer (CAMLCO) of Islami Bank Bangladesh Ltd prior to joining the current charge, said a press release.

<https://www.thedailystar.net/business/economy/news/standard-bank-gets-new-dmd-3392686>

RAKCERAMIC | RAK Ceramics to repair its tile plant

- RAK Ceramics (Bangladesh) – the country's leading multinational tile manufacturer – is going to renovate its plant as its machinery gets old. For maintenance and modification, one of its four tile production lines will be closed for three months, approximately from 9 August, according to a disclosure by the company. Earlier, RAK Ceramics renovated its line-3 in May last year after stopping for 17 days.
- According to its January to June 2023 financials, RAK Ceramics posted a 0.29% growth in revenue to BDT 3.81 Bn. But its net profit declined by 34% to BDT 285.2 Mn in the six months of 2023. The company said its gross profit margin has reduced from 29.66% to 25.25% due to the non-availability of adequate gas, an increase in gas and electricity prices, a significantly volatile foreign currency market, disruption of the global supply chain, an increase in all input raw material prices, and shipping freight.

<https://www.tbsnews.net/economy/stocks/rak-ceramics-repair-its-tile-plant-681426>

PRIMELIFE | Prime Islami Life to sell properties to settle claims

- Prime Islami Life Insurance has decided to sell properties, including land and a building to settle policyholders' claims as it has been hit hard by a lack of liquidity. In a stock exchange filing on Thursday, it said the board had decided to sell a land of 36.12 decimals along with a building of the company at Banglamotor in the capital.
- The decision was taken on instructions of the Insurance Development and Regulatory Authority (IDRA), said company secretary Abul Hasnat Mohammed Shamim. Prime Islami Life Insurance has unsettled insurance claims worth BDT 3.17 Bn as of December 2022. In the next five years, the company will have to settle claims amounting to BDT 21 Bn, according to the IDRA

<https://thefinancialexpress.com.bd/stock/bangladesh/prime-islami-life-to-sell-properties-to-settle-claims>

METROSPIN | Shareholders in dark as Metro Spinning fails to disclose financials

- Shareholders of Metro Spinning Limited - a listed company under the Makson Group – are in the dark as it failed to disclose its January-March financials due to software disruptions. Company Secretary Mohammad Jewel Rana said, "Due to a software problem, it has not been possible for the company to publish its financials for that quarter at this moment." According to its unaudited financials, in the first half of fiscal 2022–23, the company reported a 16% decline in revenue to BDT 447.7 Mn and a 15.93% growth in profit to BDT 60.4 Mn.

<https://www.tbsnews.net/economy/stocks/shareholders-dark-metro-spinning-fails-disclose-financials-681422>

SOUTHEASTB | BSEC investigates loan-funded directorship transition at Southeast Bank

- The Bangladesh Securities and Exchange Commission (BSEC) has launched a probe into allegations concerning an individual's transition to the directorship of Southeast Bank through the acquisition of shares obtained via a loan from the same lender, and the transfer of the bank's funds elsewhere under the guise of pre-placement.
- Allegedly, Southeast Bank provided a BDT 2 Bn loan to BLI Capital, a subsidiary of Bay Leasing, a listed firm. Raiyan Kabir, using BDT 150 Mn from the loan, purchased 2% of Southeast Bank's shares worth BDT 250 Mn, subsequently becoming a director. The BSEC has formed an investigation committee to look into these allegations and submit a report within 60 days. This committee will also address concerns related to unauthorised appointments and fund misuse in pre-placement shares.

<https://www.tbsnews.net/economy/stocks/bsec-investigates-loan-funded-directorship-transition-southeast-bank-680490>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 83.19	USD 7.98	10.61%
Crude Oil (Brent)*	USD 86.61	USD 8.83	11.35%
Gold Spot*	USD 1,913.76	USD 139.61	7.87%
DSEX	6,297.25	90.25	1.45%
S&P 500	4,464.05	624.55	16.27%
FTSE 100	7,524.16	72.42	0.97%
BSE SENSEX	65,322.65	4,481.91	7.37%
KSE-100	48,442.58	8,022.13	19.85%
CSEALL	11,596.16	3,093.67	36.39%

Exchange Rates**1 US Dollar = 108.98 BDT****1 GBP = 138.35 BDT****1 Euro = 119.53 BDT****1 INR = 1.31 BDT**

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