

*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.*

### **Bangladesh Bank raises NBFIs' limit on borrowing**

- Country's non-banking financial institutions (NBFIs) will be allowed to borrow from the inter-bank call money market maximum 40% instead of 30% of their equities. The BB's latest move came against the backdrop of liquidity pressure on the non-banking financial sector
- Earlier on January 29 last year, the central bank set the call money borrowing limit based on equity instead of net asset for the NBFIs.
- The equity will be ascertained on the basis of the balance-sheet on the last working day of each calendar year of the NBFIs concerned.
- Chairman of Bangladesh Leasing and Finance Companies Association (BLFCA), said such policy relaxation will help ease liquidity pressure on the NBFIs to some extent.
- At the meeting, the NBFIs also were advised to raise capital through issuing bonds that will also help reduce dependence on funds from banks. He also said the central bank, Bangladesh Securities and Exchange Commission (BSEC) and the Ministry of Finance are working to develop the country's bond market.

<http://today.thefinancialexpress.com.bd/last-page/bb-raises-nbfis-limit-on-borrowing-1556043224>

### **2018 net FDI inflow at USD 3.61 billion**

- The net inflow of foreign direct investment (FDI) in Bangladesh stood at USD 3.61 billion on a final count, according to the latest statistics of the central bank. Annual net FDI inflow jumped by 67% last year as net FDI was USD 2.15 billion. In 2017, FDI dropped by 7.73% from USD 2.33 billion.
- The Bangladesh Bank data put gross inflow of foreign investment at USD 4.54 billion in the 2018 calendar year.
- The statistics further showed that more than one-third of net FDI in 2018 was sourced by reinvesting earnings of existing multinational entities in Bangladesh.
- Former president of the Dhaka Chamber of Commerce and Industry said the ration of FDI to GDP (gross domestic product) here is still below 2.0% when it should be 4-5% to boost long-term growth.
- The statistics posted on the central bank's website, however, did not disclose the full-year data on county-wise FDI inflow to Bangladesh.

<http://today.thefinancialexpress.com.bd/last-page/2018-net-fdi-inflow-at-361b-1556043098>

### **ICB seeks BDT 9.0 billion under refinancing scheme**

- The state-run Investment Corporation of Bangladesh (ICB) has sought the fund of BDT 9.0 billion which was earlier disbursed under the refinancing scheme of the capital market.
- The corporation has sought the fund to provide 'instant' support to the capital market which recently has witnessed continuous correction amid lack of confidence. To get the fund, the ICB has submitted a proposal to the ministry of finance (MoF).
- ICB Managing Director said the corporation has sought the fund at lower interest rate considering the ongoing market situation. In 2013, the ICB received BDT 9.0 billion from the central bank through three installments under the capital market refinancing scheme. The government provided the fund to reduce the suffering of small investors affected during 2010-11 stock market debacle.

<http://today.thefinancialexpress.com.bd/stock-corporate/icb-seeks-BDT-90b-under-refinancing-scheme-1556036164>

### **Finance Minister assures Bangladesh Securities Exchange Commission (BSEC) of budget incentives**

- Finance Minister has assured the securities regulator of his sincere consideration to provide incentives for the capital market in the upcoming budget, a release said.

- BSEC said in a release that the securities regulator has urged the finance minister to strengthen the financial capacity of the Investment Corporation of Bangladesh (ICB), as it plays a vast supportive role for the market.
- The minister has assured the securities regulator of considering the proposal of enhancing the financial capacity of the state-run ICB, it said.

<http://today.thefinancialexpress.com.bd/stock-corporate/kamal-assures-bsec-of-budget-incentives-1556036108>

### **Banks' exposure to 'single large borrowers' widens**

- Loans in the country's banking sector are being highly concentrated in the hands of 'single large borrowers', a research paper said. This means that the banks may be chasing some big borrowers for lending money to them.
- The research, conducted by Professor of the Bangladesh Institute of Bank Management (BIBM), said such type of lending rose by 4.0% in 2018 over the previous year. The research - 'Credit Operations of Banks' - was based on the primary data, collected from some 32 banks. Besides, different circulars, relevant publications and journals were used as secondary sources.
- Sector insiders said that there are 59 commercial banks in the country, but the number of big groups or big borrowers is limited. That is why the banks pursue these borrowers vigorously. They also said such type of lending may raise the volume of default loans, as the borrowers may misuse the loans.
- Every bank has limit for providing 'single borrower' loans, based on the capital and nature of the industries. Usually borrowers get loans amounting to around 35% of their assets. If the borrowers get loans up to the maximum limit from different banks, ultimately they can collect a substantial amount of loans. A member of BIBM said that there is need for strong monitoring on such type of lending.
- The research paper also mentioned that the country's banking activities are very much urbanized and that this is creating a major problem for the banking sector.

<http://today.thefinancialexpress.com.bd/first-page/banks-exposure-to-single-large-borrowers-widens-1556042283>

### **Banks focus more on loan restructuring than cash recovery**

- Loan rescheduling and restructuring were the banks' most preferred mode for recovering loans last year, found a recent survey. All banks had resorted to restructuring to recover their bad loans last year, while 93.10% employed rescheduling, found the survey styled 'Credit Operation of Banks' by the Bangladesh Institute of Bank Management (BIBM). The disclosure casts suspicion on banks' recent proclamations of intensified recovery efforts to bring down the sector's non-performing loans.
- After grazing BDT 1 trillion in the third quarter of 2018, the banking sector's total NPLs stood at BDT 9.33 trillion at the year's end, which is 10.30% of the total outstanding loans, according to data from the Bangladesh Bank. Arbitration is getting popular in recovering loans, with 62.50% taking up the tool last year, up from 41.38% in the previous year, according to the survey. Lending to a single client by multiple banks has become an acute problem to the sector's credit management.
- Some 90.63% of the banks faced the problem in the last year, up from 86.21% a year earlier. The survey identified interest waiver and urban concentration as the other problems. Some 72% of the banks faced the problem of interest waiver last year, while 62.50% perceived urban concentration as a hurdle for credit operation. Another problem identified by the survey is that banks are interested in only lending to a select group of clients with little interest in branching out. In 2018, only 20% of the banks disbursed loans to new sectors.
- The disparity between urban and rural credit is still high as banks lack in confidence in lending large sums to rural areas. As of September last year, the share of credit in urban area was 89.66% , according to the survey. The lower credit flow to rural areas reflects the ignorance of inclusive banking, said chair professor of BIBM. Policymakers should give their attention in improving the share of credit to the rural area, he said.

<https://www.thedailystar.net/business/news/banks-focus-more-loan-restructuring-cash-recovery-1733758>

### **Number of mobile subscribers nears 160 million in Bangladesh**

- The number of mobile subscribers in the country neared 160 million at the end of March as the mobile operators managed to add 1.34 million customers in the month. The number of total mobile phone subscribers increased to 159.7 million at the end of March from 158.4 million in February this year.
- BTRC officials said that although the total number of mobile subscribers neared 160 million, almost catching with the total population of the country of over 160 million, the actual number of mobile users would be less as many people use

multiple connections or SIMs.

- Country's largest mobile phone operator Grameenphone added highest 0.58 million customers, taking its subscriber-base to 74.0 million in March from 73.5 million in the previous month. The second largest operator Robi managed to add 0.32 million subscribers, taking the number of its total subscribers to 47.3 million in March from 47.0 million in February. The number of subscribers of the third largest operator Banglalink increased by 0.35 million to 34.3 million at the end of March from 34.0 million in the previous month.

- Apart from the mobile phone subscribers, the number of country's internet users increased by 1.1 million in March to reach 93.1 million in the month, according to the BTRC data. Mobile phone-based connections have contributed to the internet-users tally with the total number reaching 87.3 million, followed by WiMAX with 61,000 users while ISP and PSTN have 5.73 million users, showed the statistics.

<http://www.newagebd.net/article/70627/number-of-mobile-subscribers-nears-16-crore-in-bangladesh>

### **Centre for Policy Dialogue (CPD) skeptical about GDP growth assessment**

- A leading private think tank, Centre for Policy Dialogue (CPD) has deplored that economy's high growth performance are not reflected in key macroeconomic parameters. It also raised a question regarding an array of recent steps to curb the volume of non-performing loans (NPLs).

- Major parameters like private-sector credit, revenue mobilization, private investment and employment generation are on the decline while productivity is far below the expected level, it added.

- The noted economist said it is the government entities like the Bangladesh Bureau of Statistics (BBS), finance and planning ministries, and Bangladesh Bank (BB) need to offer answers to these questions. He demanded full disclosure of the data considered to estimate the GDP (gross domestic product).

<http://today.thefinancialexpress.com.bd/first-page/cpd-sceptical-about-gdp-growth-assessment-1556042434>

### **SMEs seek equal bond facility like RMG**

- The small and medium enterprises (SMEs) have sought equal bonded warehouse facilities for all exporters to help diversify export items and sustain in the competitive global market. In a pre-budget meeting on Tuesday, they also demanded the similar facility that the readymade garment (RMG) exporters are enjoying in terms of designated bonded area.

- Currently, the entire factory premises of the members of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is considered as the bonded area while the other exporters, including Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), are not entitled to enjoy the similar facility. They are allowed to enjoy the bonded facility for only a part of area of their factories.

- Bangladesh Agricultural Machinery Merchant Association (BAMMA), Bangladesh Tea Association and CTO forum Bangladesh also placed their pre-budget proposal for the fiscal year 2019-20 in the meeting.

<http://today.thefinancialexpress.com.bd/trade-market/smes-seek-equal-bond-facility-like-rmg-1556038901>

### **Net metering adds 4.25MW solar power to national grid**

- The solar power generation under the net metering system reached nearly 4.25 megawatt (MW) in February last, officials said. They said some 179 producers were generating the electricity in their building rooftops and supplying to the national electricity grid.

- Under the net metering system, one can store the energy in the grid when the solar panels produce excess power than that of the requirement and later can take electricity from the grid when the solar system produces lower than required electricity.

- Power Division joint secretary Mohammad said that the net metering system is an option for industry owners to generate electricity in their building rooftops and get power at low cost. He said the industrialists pay much higher price due to commercial rate of the electricity. However if the industrialists produce solar power on their own, they are actually paying much lower. Because, nowadays the production cost of solar electricity is lower than the commercial rate of power for industrialists, he noted.

- The government formulated guidelines for net energy metering in July 2018 and asked the power distribution companies to encourage factory owners to invest in solar power production in their building rooftops..

<http://today.thefinancialexpress.com.bd/trade-market/net-metering-adds-425mw-solar-power-to-national-grid->

[1556038929](#)

### Bangladesh eyes greater energy sector cooperation with Brunei

- Bangladesh and Brunei agreed to explore the possibility of comprehensive collaboration in the energy sector amid the growing demand for energy in Bangladesh to support the rapid economic growth. Prime Minister Sheikh Hasina and Brunei's Sultan Haji Hassanah Bolkiah also agreed to encourage the relevant agencies from both sides to continue discussions to identify specific areas and modalities of cooperation in this sector, according to a joint statement issued on Tuesday.
- The two countries are looking for comprehensive collaboration in the energy sector via a Government-to-Government (G2G) arrangement, including liquefied natural gas (LNG) supply to Bangladesh as well as the participation of both public and private sectors; covering areas such as investments and trade in petro-chemicals, offshore oil and gas exploration, technical collaboration, and capacity building.

<http://today.thefinancialexpress.com.bd/last-page/bd-eyes-greater-energy-sector-cooperation-with-brunei-1556043010>

### Bangladesh Securities and Exchange Commission (BSEC) cancels United Power's share sale to foreign firm

- The stock market regulator yesterday voided the share purchase deal between United Mymensingh Power Ltd (UMPL), a corporate director of United Power Generation, and a foreign company due to irregularities in the agreement process. The corporate director of United Power Generation, listed on the Dhaka and Chittagong stock exchanges, failed to submit any information on the owners of the foreign company.
- BSEC also did not follow the securities rules and regulations when determining the valuation of the shares. The agreement was to sell 7.51 million shares worth BDT 476.60 each -- which is way higher than the stock's peak price of BDT 419 -- through call option, which is forbidden by the country's rules, the BSEC said.
- Call option is a financial contract to buy an agreed quantity of a financial instrument from a seller at a certain time for a certain price. The buyer can decide not to make the purchase but for this right it pays a fee when the contract is signed. So, the regulator has decided to void the share purchase agreement that took place on March 31, 2019.
- The company informed the BSEC on April 7 about the agreement, but it did not notify its investors through the Dhaka Stock Exchange website, as stipulated by the rules. How come the corporate sponsors do not have any information on the owners of the foreign company, asked a top official of the DSE. The sponsor might have pulled this stunt to influence its stock's price, which has been flagging.

<https://www.thedailystar.net/business/news/bsec-cancels-united-powers-share-sale-foreign-firm-1733764>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$65.95	-0.35	-0.53%
Crude Oil (Brent)*	\$74.14	-0.37	-0.50%
Gold Spot*	\$1,269.52	-2.90	-0.23%
DSEX	5,260.86	-62.88	-1.18%
Dow Jones Industrial Average	26,656.39	+145.34	+0.55%
FTSE 100	7,523.07	+63.19	+0.85%
Nikkei 225	22,233.79	-25.95	-0.12%

### Exchange Rates

**USD 1 = BDT 84.52\***  
**GBP 1 = BDT 109.33\***  
**EUR 1 = BDT 94.78\***  
**INR 1 = BDT 1.21**

\*Currencies and Commodities are taken from xe.com.

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