

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.

The Bangladesh Energy Regulatory Commission (BERC) raises power prices from March

- The Bangladesh Energy Regulatory Commission (BERC) announced fresh hike in electricity tariffs, both in retail and bulk levels, on Thursday despite strong opposition from rights groups, political parties and trade-bodies. The hiked tariffs will come into effect from March 1 (Sunday), and will continue until further notice. The regulator raised the average electricity tariff by 5.3% or BDT 0.36 to BDT 7.13 per unit (1 kilowatt-hour) from existing BDT 6.77 per unit. The commission increased the bulk or wholesale level electricity tariff by 8.40% or BDT 0.40 to BDT 5.17 per unit from existing BDT 4.77 per unit on an average.
- The BERC also slapped a 5.0% simple interest rate against unpaid bills at once for retailers instead of the existing 2.0% compound interest rate. Value added tax (VAT) will also be applicable on electricity bills of retail-level consumers.
- The Consumers Association of Bangladesh (CAB) opined that the rise in power tariffs is 'not rational'. The CAB Chairman said the tariff hike will certainly put extra pressure on people of all classes and will also affect the country's business competitiveness in global market.

<https://today.thefinancialexpress.com.bd/public/first-page/berc-raises-power-prices-from-march-1582826748>
<https://www.thedailystar.net/frontpage/news/electricity-gets-costlier-1873798>

Yet another trailblazing act from Walton

- Local electronics giant Walton is set to flag off the country's first lift manufacturing plant, in a display of Bangladesh's growing industrial prowess. The plant established at a cost of BDT 500 million at the Walton Hi-Tech Industries (WHIL) at Chandra, Gazipur has begun test production.

Every year, Bangladesh needs more than 5,000 units of lifts and most of them are imported from China. The market size is not less than BDT 12 billion and it is growing at about 20% per year, helped by widening urbanization.

- Walton is manufacturing all three kinds of lifts -- passenger, cargo and capsule lifts -- that are popular in Bangladesh. Its passenger lift can carry a load of 300 kilogram to 3,000kg, meaning four people to 40 people at a time, while cargo elevators, which are mostly used in firms and factories, can move 800 kg to 4,500 kg in weight.

<https://www.thedailystar.net/business/news/yet-another-trailblazing-act-walton-1874806>

Industrial defaulted loans soar 14.51% in 2019

- Non-performing loans (NPLs) in the industrial sector soared by 14.51% year-on-year to BDT 451.27 billion at the end of December last year due mainly to willful defaulters. During the one year period, NPLs in industrial loans increased by BDT 57.17 billion. Large industrialists who received huge bank loans did not repay in spite of enjoying loan restructuring facilities launched in 2015.
- Under the special policy issued by the central bank, defaulters got the opportunity to regularize their loans for 10 years, including one-year grace period, at 9% interest rate, just by making 2% down payment. Large industrial groups misused the BB's restructuring facility.
- Economists blamed Lack of good governance, corruption, political interference in approving loans, and a culture of impunity for the endless journey of NPLs for the soaring industrial loans. Willful defaulters are present in all sectors. A large amount of bank loans is sanctioned to the industrial sector causing the amount of default loans to be high in this sector.

<https://www.dhakatribune.com/business/2020/02/27/industrial-defaulted-loans-soar-14-51-in-2019>

NBR likely to slash tax exemptions in next budget

- The authorities are planning to scale back tax exemptions for sectors like ICT, power, charity and fisheries in the upcoming budget after flagrant abuse. The National Board of Revenue, or NBR, has uncovered the evidence of abuse in the blanket tax waiver facility offered to a number of "priority" sectors.
- The International Monetary Fund, or IMF, has initiated a move to assess the tax expenditure in Bangladesh. An IMF mission will conduct 'Bangladesh tax expenditure assessment' during its visit in the country from March 8 to 19. An analysis of income tax wing has found some 34 statutory regulatory orders were issued during FY 2018-19, after

passage of the budget to offer tax waivers. Of the tax exemptions, some 20 regulatory orders offered tax exemptions to charities.

<https://today.thefinancialexpress.com.bd/first-page/nbr-likely-to-slash-tax-exemptions-in-next-budget-1582993665>

Post office savings: Government moves to make NID mandatory

- The government is set to make use of national identity cards mandatory for the people willing to open accounts with Sanchaya Bank which belongs to Bangladesh Post Office. The latest move is seen as a blow to the people who misuse the facility. However, a steep drop in interest rates on post office savings has already attracted a great deal of public attention.

- Savings accounts in post offices saw soaring deposits in recent years thanks to high interest rates offered by the government to tempt people in urban and rural areas to use formal channels for parking their funds. Deposits in ordinary accounts in post offices more than doubled to BDT 29.30 billion in the fiscal year 2018-19 from BDT 13.25 billion four years back. A similar trend has been seen in cases of fixed deposit accounts in post offices. In the fiscal year 2018-19, savers deposited BDT 139.50 billion in fixed deposit accounts in post offices, which was more than two and half times the deposits received in the fiscal year 2014-15. A customer can deposit a maximum amount of BDT 3.0 million in one name or singly and maximum BDT 6.0 million in joint name.

<https://today.thefinancialexpress.com.bd/public/last-page/govt-moves-to-make-nid-mandatory-1582914623>

NBFIs can now invest up to 20% of capital in Commercial Papers

- The central bank has slightly squeezed financing capacity of non-banking financial institutions (NBFIs) in commercial paper (CP) for avoiding concentration of investment in the short-term security. The NBFIs are now allowed to invest up to 20% of their total capital in any CPs instead of 30% earlier, according to revised guidelines on CP for the NBFIs issued by the Bangladesh Bank (BB) on Thursday. Moreover, no NBFIs can invest more than 10% of its total capital in a single company's CP, it added. Under the existing guidelines, the NBFIs will not invest in any CP issued by the organization in which its directors or their affiliates have interest.

- The CP is defined as a secured or unsecured promissory note which shall be issued for maturities between a minimum of 30 days and a maximum of one year. Market operators, however, said such revision on investment capacity of the NBFIs may not impact the market significantly as issuing of such instrument is yet to get momentum in Bangladesh. The CP is a short-term money-market security issued or sold usually by large corporate entities for funding operating expenses as well as current assets such as account receivables and inventories.

<https://today.thefinancialexpress.com.bd/public/first-page/nbfis-can-now-invest-up-to-20pc-of-capital-in-cps-1582826823>

<https://www.thedailystar.net/business/news/bb-cuts-nbfis-investment-limit-commercial-paper-1873825>

Construction materials' prices show downward trend amid low demand

- The prices of basic construction materials like steel rod and cement have been maintaining a downward trend in recent times mainly due to low demand, insiders have said. They also said the declining trend in investment in construction after the government's crackdown against casino and other illegal businesses last year and common people's reluctance to construction on the back of inflated living expenses are responsible for this. The demand for building materials and its prices usually maintain an upward trend during the dry season or months before and after January, which has proved to be different this year, they added.

- The 72-grade steel rod manufactured by a leading brand was selling for BDT 61,500 which was BDT 69,000 in the middle of last year and BDT 64,500 early October last. According to the Trading Corporation of Bangladesh (TCB) market monitoring data, the price of 60 grade steel rod ranged between BDT 58,000 and 61,000 on Tuesday which were between BDT 62,000 and BDT 66,000 a year ago.

- The Secretary General of Bangladesh Steel Manufacturers Association (BCMA) said both the steel rod and cement sectors have been facing challenges due to weak demand in recent times. The demand for cement and rod declined by 30% in February comparing to the same period of previous years, he said, adding that raw materials' prices in the international market have been remaining stable. Per tonne of scrap metal, raw material of steel products, in the international market has been selling at USD300 to USD 330 for the last several months. Per 50-kilogramme cement bag distributed by different brands now cost between BDT 380 and BDT 450, which were BDT 430-BDT 490 in the middle of the last year.

<https://today.thefinancialexpress.com.bd/public/trade-market/construction-materials-prices-show-downward-trend-amid-low-demand-1582829057>

Coronavirus can't tame Bangladesh's growth momentum: Finance Ministry

- Bangladesh's export and import activities will both be affected by the coronavirus pandemic but the country would not face much difficulty in attaining its GDP growth target of 8.20% for this fiscal year, according to an official document. The strong growth in the flow of remittance will contribute to furthering of domestic demand, said the finance ministry document prepared on the potential impact of the virus on the economy. Besides, the increased public expenditure under the annual development programme, the implementation of mega projects and increased investment owing to setting up of economic zones will have positive impact on the macroeconomic indicators.

- China is the biggest trading partner of Bangladesh and the biggest source for raw materials. The world's second largest economy accounted for more than a fifth of the country's imports of USD 56 billion in fiscal 2018-19, Bangladesh Bank data showed. China supplies 26% of the active pharmaceuticals ingredients (APIs), the raw materials for medicines, of Bangladesh. If the API supply grinds to a halt, the sector's production will be interrupted. This will also impact pharmaceutical exports. A number of mega infrastructure projects being implemented by Chinese companies will face problems.

- The top seven items that are imported from China are: yarn, woven textile fabrics, knit textile fabrics, garment accessories, mobile phone parts, apple and garlic. The top four items are raw materials for the garment industry, which accounts for about 84% of the country's exports.

<https://www.thedailystar.net/business/news/coronavirus-cant-tame-bangladeshs-growth-momentum-1873864>

Dismal foreign aid use against ambitious targets

- The civil aviation and tourism ministry is one of the largest recipients of development budget this fiscal year. But it managed to spend a paltry 5.7% of the BDT 38.64 billion allocation in the first seven months. What is even worse, it couldn't spend a penny from its foreign-aided portion, which stands at BDT 25 billion.

- The ministries and division got BDT 718 billion in fiscal 2019-20 on the back of huge pipelines of the cheap funds. But they were able to spend 27.96%, or BDT 200.73 billion, of the total outlay. Foreign aid utilization in the annual development program dropped 10.88% over the seven months although the government has set an ambitious target for spending from external sources. The government plans to spend USD 8 billion from the pipeline this fiscal year, up from USD 6.2 billion a year earlier.

<https://www.thedailystar.net/business/news/dismal-foreign-aid-use-against-ambitious-targets-1874812>

Many companies miss Initial Public Offering (IPO) fund use deadlines

- Many listed companies failed to utilize the IPO (initial public offering) funds within the stipulated time mentioned in their prospectuses. Some of them even could not complete the fund use within the extended time while few companies allegedly earned interests on IPO proceeds or attempted to misuse the funds. The reports of the companies as of December 31, 2019 show that the proceeds from IPOs, mainly allocated for new projects, construction, acquisition, installation of plants and import of machinery, remained unutilized.

- The companies which are yet to complete the utilization of IPO funds include the Peninsula Chittagong, ACME Laboratories, Esquire Knit Composite, Regent Textile Mills and Pacific Denims. The companies, however, extended the timeframe of completing fund utilization following approval by their respective annual general meeting. The BSEC has decided to conduct special audit on misuse of IPO proceeds of two companies.

<https://thefinancialexpress.com.bd/stock/many-cos-miss-ipo-fund-use-deadlines-1582950097>

FRC finds Advent Pharma a wrongdoer

- The Financial Reporting Council (FRC), an auditors' watchdog of the country, found a few irregularities involving a pharmaceutical company. The listed company, Advent Pharma, had an approval of appointing M Hasan & Co to prepare its financial statement for the financial year 2018-19. But it later appointed Zaker & Co instead of M Hasan & Co, which was a complete violation of the approved resolution of the company's Annual General Meeting (AGM).

- The pharmaceutical company also failed to comply with the rule relating to corporate governance in its report.

<https://thefinancialexpress.com.bd/stock/frc-finds-advent-pharma-a-wrongdoer-1582864355>

Dhaka Bank to deliver customer service through WhatsApp

- From this month, customers of Dhaka Bank would be able to get real-time banking service through Whatsapp. The lender is set to roll out the novel digital banking model for its registered 0.25 million clients from the second week of March as part of its push towards digitization in order to attract tech-savvy customers.

- Customers would be able to transfer funds from Dhaka Bank to other banks and bKash, the country's largest mobile financial service provider, make utility payments and mobile top-ups. Customers can take the service both through messages and voice calls on the WhatsApp platform.

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<https://www.thedailystar.net/business/news/dhaka-bank-deliver-customer-service-through-whatsapp-1874815>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$44.76	-2.33	-4.95%
Crude Oil (Brent)*	\$49.67	-2.06	-3.98%
Gold Spot*	\$1,585.69	-59.32	-3.61%
DSEX	4650.90	-48.00	-1.02%
Dow Jones Industrial Average	25,409.36	-357.28	-1.39%
FTSE 100	6,580.61	-215.79	-3.18%
Nikkei 225	21,142.96	-805.27	-3.67%
BSE SENSEX	38,297.29	-1,448.37	-3.64%

Exchange Rates

USD 1 = BDT 84.93*

GBP 1 = BDT 108.87*

EUR 1 = BDT 93.65*

INR 1 = BDT 1.18*

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

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