

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.

Bank Company Act (Amendment): Bangladesh Bank for strict actions against willful defaulters

- Bangladesh Bank (BB) has proposed strict actions against willful defaulters in the draft bill seeking amendment to the Bank Company act, 1991. The willful defaulters will be barred from traveling abroad in business class, issuance of trade licenses, car and property registration, while their identities will be made public, says the draft bill. According to the draft bill, any borrower who fails to pay back his/her loans despite his/her ability will be termed as a willful defaulter.
- Willful defaulters will be obstructed from attending any state functions or getting state recognitions. Willful defaulters could never become directors of banks and financial institutions. The banks can file criminal case against them, according to the draft bill. In the draft amendment bill, the BB proposed a single industrial group cannot control more than one bank. The scheduled banks will make separate lists of their willful defaulters. The lists, along with pictures of the defaulters, must be displayed on their respective websites and be circulated in newspapers, adds the draft.
- The non-performing loans (NPLs) of banks rose by a staggering BDT 38.63 billion in three months till September this year, taking the amount of stressed loan in the banking sector to BDT 1.16 trillion despite huge facilities in place to regularize default loans. As of September, the total bad loans accounted for 11.99% of the total disbursed loans, according to the latest Bangladesh Bank (BB) data.

<https://www.dhakatribune.com/business/2020/02/11/bank-company-act-amendment-bb-for-strict-actions-against-willful-defaulters>

Bangladesh Bank bailout unlikely to perk up bourse: experts

- Boosting stocks by providing an incentive of making loans available is not a sustainable way for reviving investors' confidence, rather, it might lead to the creation of further risks for the banking sector, said experts on the matter. On Monday, Bangladesh Bank announced a special package, saying each bank will be allowed to form a BDT 2 billion fund by taking financial support from it in order to invest in the stock market. The lenders will avail the central bank funds for a five-year period at 5% interest through repurchase agreements (repo) against treasury bills and bonds they own.
- However, specialists believe that investing into stocks on taking loans was a risky move. Moreover, the way the loan would be recorded in the banks' books was concerning. A former Bangladesh Bank governor said the banks were already in a lot of problems and adding the stock market issue on top of it would worsen the situation. Bangladesh Bank should have kept in mind that banks deal money of ordinary citizens, not their own, and ordinary citizens want safeguarding of their money, he said, adding that investing in the stock market was not a safe move. Giving incentives on an ad-hoc basis will not help prop up stocks for the long run as the stock market's problems lie elsewhere, he added.
- According to the central bank's circular, if the price of a BDT 10 stock falls to BDT 4, banks can still show it as a BDT 10 asset. This will help banks refrain from keeping BDT 6 in provisioning. It would be risky for the banks because no provisioning would be required, even if the investment gets impaired, a banker said. A merchant banker pointed out that the BB package was giving banks a benefit of 1 percentage point, as the banks would be able to borrow money at 5% interest rate whereas the repo rate was 6%.

<https://www.thedailystar.net/business/news/bb-bailout-unlikely-perk-bourse-experts-1866769>

Revenue shortfall can't stop stretching

- Revenue shortfall against the target, which is a common occurrence nowadays, is getting wider as the fiscal year nears its end, much to the concern for the government that has already ramped up its borrowing from the banking sector. Provisional data showed the National Board of Revenue (NBR) could log in BDT 1.24 trillion in the first seven months of the fiscal year, missing the target by BDT 395 billion for the period.
- In the first half of fiscal 2019-20, the government borrowed BDT 490 billion, which is 63% of the year's target. Of the sum, BDT 436 billion from banks, which is eight times more than a year earlier. The NBR, the main collector, fell short of BDT 315 billion from its revenue goal in the first half of fiscal 2019-20. And the target is likely to be missed by more than BDT 800 billion.
- During the July-January period of the fiscal year, the NBR recorded 7% year-on-year growth, according to its provisional data. The NBR collected 5% higher VAT during the period than a year earlier: BDT 484 billion. Other than VAT, the collection of income tax, the second biggest revenue source, increased 15% year-on-year to BDT 389.6 billion in the seven months to January.

- Revenue collection growth will continue to remain sluggish if the NBR goes business-as-usual. The government has set a target of BDT 3.26 trillion for the NBR this year, up 45% from fiscal 2018-19's actual collections.

<https://www.thedailystar.net/business/news/revenue-shortfall-cant-stop-stretching-1866781>
<https://www.newagebd.net/article/99293/nbrs-collection-shortfall-soars-to-BDT-39542cr-in-july-jan>

Banglalink's audit has 8 takers

- Eight accounting firms are vying to audit Banglalink, an exercise that has thus far turned out to be a challenging mission for the telecom watchdog. This is the Bangladesh Telecommunication Regulatory Commission (BTRC)'s third attempt to pour over the books of the operator. The audit firm that will clinch the job must be a member of the Institute of Chartered Accountants of Bangladesh (ICAB) and have prior experience of auditing multinational telecom or IT companies
- Banglalink's audit will be conducted under categories such as regulatory, legal, technical and financial matters and other related issues. In response to the EOI, Banglalink urged the government to also audit two other mobile network operators, Airtel and Teletalk, to level the playing field.

<https://www.thedailystar.net/business/news/banglalinks-audit-has-8-takers-1866763>
<https://www.dhakatribune.com/business/2020/02/11/8-audit-firms-submit-eoi-to-audit-banglalink>

Executive Committee of the National Economic Council (Ecnc) pours cold water on Teletalk's plans

- Teletalk, it often seems, is overindulged. But what transpired at the Executive Committee of the National Economic Council (Ecnc) yesterday suggests a break from custom: the state-run carrier's proposal for building towers and network at a cost of BDT 32.79 billion was scrapped. The reason being, the move went against telecom rules. According to telecom guidelines, no mobile operator is allowed to set up towers as four companies were awarded exclusive rights in 2018 to do so. And the Bangladesh Telecommunication Regulatory Commission stuck to that diktat. In spite of that, Teletalk proposed to install 3,000 new towers to expand its network in villages and get its network ready for 5G roll-out.
- Currently Teletalk has 4,864 towers, which is only 26.78% of their total demand and account for only 3% of the total towers in Bangladesh. In the project proposal, the operator, which already has an ongoing project to add about 1,000 new towers, said it needs about 18,160 towers to cater to its existing customers. The carrier has a plan to increase its data transmission capacity to 100 Gbps as part of its efforts to embrace 5G technology. It also plans to strength coverage in 50,000 government offices, educational institutions, hospitals and 500 high-rise buildings in divisional cities. Of the proposed amount, Teletalk has asked the government to give BDT 31.56 billion at a 5% interest, while it will provide BDT 1.24 billion from its own fund.

<https://www.thedailystar.net/business/news/ecnc-pours-cold-water-teletalks-plans-1866787>

Bangladesh Securities and Exchange Commission (BSEC) allows Delta Hospital to explore cut-off price for Initial Public Offering (IPO)

- The Bangladesh Securities and Exchange Commission on Tuesday allowed Delta Hospital Limited to find the cut-off price of its shares under the book building method for raising BDT 500 million from the capital market through an initial public offering. The selling price of the company's shares would be set through the bidding process with participation of eligible investors. The company will use the BDT 500 million raised in IPO proceeds for the purchase of machinery, payment of bank loans and the IPO expenses. As per the financial statement for the year ended on June 30, 2019, the net asset value (NAV) per share was BDT 45.84 with asset revaluation and BDT 16.62 without asset revaluation. The basic earnings per share (EPS) stood at BDT 2.10 and the weighted average EPS stood at BDT 1.91.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-allows-delta-hospital-to-explore-cut-off-price-for-ipo-1581443978>
<https://www.newagebd.net/article/99296/delta-hospital-allowed-to-discover-share-price-for-BDT-50cr-ipo>

Bangladesh Securities and Exchange Commission (BSEC) freezes 18 million placement shares of SS Steel amid allegation of anomalies

- The Bangladesh Securities and Exchange Commission has frozen around 18 million placement shares of SS Steel Limited after a company alleged that the steel company was trying to embezzle its placement shares. Of the shares, 9.99 million shares are held by Shorecap Holdings, 2.95 million shares held by Equity Growth Limited, 2.25 million shares held by Food Chain Asia, 1.55 million shares held by Absolute Return Limited and 1.25 million shares held by Shoma Alam Rahman.

• The BSEC has asked SS Steel to explain why the company in its initial public offering prospectus showed the BO account number 1202550066003217 against the name of Shorecap Holding Limited, although the account was opened in the name of 'SS Steel Limited Suspense Account.' SS Steel has been trying to embezzle the whole amount of shares by opening a new company, Shorecap Holdings Limited according to allegation.

• Share prices of the company have been falling sharply since November 11 last year due to the concern of lock-in free of huge placement shares. The prices were BDT 33 per share in November 11 last year and it dropped to BDT 12.6 per share on Tuesday.

<https://www.newagebd.net/article/99297/bsec-freezes-18cr-placement-shares-of-ss-steel-amid-allegation-of-anomalies>

Executive Committee of the National Economic Council (ECNEC) clears nine projects worth BDT 24.22 billion

• The Executive Committee of the National Economic Council (Ecne) has approved nine projects involving BDT 24.22 billion with a BDT 3.06 billion scheme to acquire necessary land and ancillary facilities development for implementing the India-Bangladesh Friendship Pipeline Project. Of the total project cost, BDT 21.08 billion will come from the government while the rest of BDT 3.14 billion from the concerned organization's own fund. Meghna Petroleum Limited (MPL), under the Bangladesh Petroleum Corporation (BPC), will implement the project by June 2022. The implementation of the project would facilitate oil transportation and import from Numaligarh Refinery Limited in Shilguri of India to Parbatipur Depot in Dinajpur district through erecting 10-inch diameter and 125-km long petroleum pipeline.

• The main project operations include some 187.34 acres of land acquisition, some 126.14 acres of forced land acquisition, acquisition of some 12 acres of land alongside 8 acres of forced land acquisition for transporting fuel to Syedpur Power Plant, procurement of necessary pipelines and other necessary equipment like pumps, meters and filters. The project has been undertaken considering the growing demand of fuel oil in the northern districts as around 5,800,000 tons of fuel oil is needed in the northern region of Bangladesh every year.

<https://www.dhakatribune.com/bangladesh/government-affairs/2020/02/11/ecnec-approves-9-projects-with-BDT2-422-27cr>

<https://thefinancialexpress.com.bd/economy/ecnec-clears-nine-projects-worth-BDT-2422-billion-1581414586>

International Finance Corporation (IFC) launches web portal to monitor resource usage in the Readymade Garments sector

• The International Finance Corporation on Tuesday launched a web tool named PaCT Portal to calculate resource consumption in the country's readymade garments industry. The initiative comes as the IFC-led Partnership for Cleaner Textile (PaCT II) enters its third year with eight partners working together to reduce the environmental impacts of the activities of the export-oriented sector. Supported by Denmark, Australia, and the Netherlands, PaCT's multi-stakeholder partnership has already helped the industry to save 25 billion liters of water and 2.5 million megawatt hours of energy annually.

• The IFC release said that the data-driven monitoring software would provide real-time analytics for readymade garment factories, helping them in their efforts to improve use of resources, such as water and energy. This monitoring tool would work as an analytical information exchange platform to help with users' decision-making regarding water and energy consumption. It can play a big role in leading the industry towards sustainability and achieve results that are right for the industry.

<https://www.newagebd.net/article/99298/ifc-launches-web-portal-to-monitor-resource-usage-in-rmg-sector>

<https://www.thedailystar.net/business/news/now-theres-portal-monitor-resource-usage-garment-sector-1866817>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$50.62	+0.68	+1.36%
Crude Oil (Brent)*	\$55.01	+1.00	+1.85%
Gold Spot*	\$1,567.96	+0.07	+0.00%
DSEX	4471.51	+85.96	+1.96%
Dow Jones Industrial Average	29,276.34	-0.48	0.00%
FTSE 100	7,499.44	+52.56	+0.71%
Nikkei 225	23,813.52	+127.54	+0.54%
BSE SENSEX	41,216.14	+236.52	+0.58%

Exchange Rates

USD 1 = BDT 84.95*

GBP 1 = BDT 110.17*

EUR 1 = BDT 92.75

INR 1 = BDT 1.19*

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

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