

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.

High Court (HC) asks Bangladesh bank (BB) to explain lending rate limit legality

- The High Court on Tuesday asked the government and the Bangladesh Bank to explain in four weeks why their recent decision setting the ceiling on bank lending rate at 9% with effect from April 1 would not be declared illegal. The finance ministry secretary and the Bangladesh Bank governor were asked to reply to the rule within four weeks.
- The BB on February 24 issued a circular setting the limit on interest for all kinds of loans, except credit card, at 9% after months of discussion with the banks. Before the BB circular was issued, most banks cut down the interest rate of deposits to 6% from February 1 as the government moved to implement the 9-per cent lending rate.
- Petitioner submitted in the court that it was clear that the 9% interest rate was set for the businesses whose development was allegedly being impeded because of high interest rate being charged for their loans or investments by scheduled banks. He said that 5 million depositors would be losers as the banks would be forced to cut down the deposit rate to 6% to implement the 9-per cent lending rate. He submitted that non-bank financial institutions like leasing companies or co-operative companies, which are out of the preview of the 9% interest rate, could charge interest arbitrarily. He submitted that the middle-income group of people would suffer a lot as a consequence of significant reduction in the interest against bank deposits. It would also impact the depositors' income through fixed deposit schemes, he submitted.

<https://www.newagebd.net/article/101165/hc-asks-bb-to-explain-lending-rate-limit-legality>
<https://www.thedailystar.net/business/news/hc-questions-legality-bbs-9pc-interest-rate-cap-1876093>

Bangladesh Telecommunication Regulatory Commission (BTRC) gets more time to respond to Grameenphone's case

- A Dhaka court has granted the telecom regulator additional time to respond to the case filed by Grameenphone questioning the validity of the regulator's audit claim. BTRC asked for an additional two months of time to respond to the case and the court approved it on Tuesday. In April last year, the BTRC demanded that GP pay an unpaid audit claim of BDT 125.8 billion, which the company refused to pay questioning the audit process. The telecom operator moved to the lower court, questioning the regulator's audit claim validity.
- GP later attempted to seek a temporary injunction on the BTRC claim, which was denied. Then, GP moved to the High Court with the same request. In October, a High Court bench issued a two-month injunction against the BTRC move. Later, the BTRC appealed to the Appellate Division, seeking a stay order on the injunction and won the legal battle. The Appellate Division ordered GP to pay BDT 10 billion within February 23. On February 23, the telecom operator paid BDT 10 billion to BTRC. The next day, the Appellate Division ordered the company to deposit BDT 10 billion more to the BTRC within three months.

<https://tbsnews.net/bangladesh/telecom/btrc-gets-more-time-respond-grameenphones-case-51427>

Inflation drops further in February

- Point-to-point inflation slightly declined in February to 5.46% from that of 5.57% in January as both food and non-food inflations eased in the month. Food inflation dropped to 4.97% in February from 5.12% a month ago while Non-food inflation eased to 6.23% in the month from that of 6.30% in January when it hit a 40-month high on cost escalation for house rent and education materials.
- Following volatility in prices of some food items such as onions towards the end of last year and some pressure on rice prices, food prices overall appear to have been relatively stable in February. There is a risk of rising food and non-food inflation due to the direct and knock-on effects of the recent increase in electricity prices, disruption of import supply chain, from China in particular, because of the coronavirus and increased demand as Ramadan approaches.

<https://thefinancialexpress.com.bd/economy/inflation-drops-further-in-february-1583244632>
<https://www.newagebd.net/article/101170/inflation-drops-in-feb>
<https://www.thedailystar.net/business/news/food-inflation-tumbles-42-month-low-february-1876138>

Private sector credit growth slumps further to 9.2% in January

- The private sector credit growth declined to 9.2% in January amid heavy government borrowing from the banking sector and the government's move to cut lending rate for banks to 9%. The private sector credit growth in all the seven months of the fiscal year 2019-2020 remained far below the Bangladesh Bank's projection of 14.8% growth for FY20. The private sector credit growth in January was the lowest after 2008 when the growth rate tumbled below 9 per cent.

• A fall in deposit growth amid the government's move to implement 9 per cent lending rate and 6 per cent deposit rate is leading the banking sector to a liquidity crisis and thus resulted in a lower credit flow to the businesses, a former adviser to an interim government said. Besides, bankers said that the businesses might have adopted a go-slow approach amid talks on enforcing 9 per cent lending rate from April 1 this year. The government's heavy borrowing from the sector was another reason for the continued sharp fall in private sector credit growth, Policy Research Institute executive director said.

<https://www.newagebd.net/article/101166/pvt-sector-credit-growth-slumps-further-to-92pc-in-january>

Robi seeks exemption from post-IPO lock in

• Robi Axiata Ltd has submitted its application for initial public offering (IPO) recently to the Bangladesh Securities and Exchange Commission (BSEC). The second largest telecom operator of the country has also sought a special exemption from the post-IPO lock in period for their existing shareholders. According to the updated public issue rules, sponsors and directors of a newly listed company cannot sell their stake in the first three years after debut. Robi, in its IPO application, has sought an exemption from that rule for their existing shareholders so that they can transfer their stakes at any time. They sought the opportunity to sell shares off market, not in public trading board of the stock exchanges, according to the application.

• Robi has three significant foreign shareholders and they may need to transfer their stakes any time if their global or regional strategic plan demands, said a top Robi official. After the IPO if they have to wait three years for that transferring, it will be a problem for them. That is why Robi attached the point in IPO application, added the official.

• The company also has written to the BSEC that its existing shareholders agreed to float shares in stock market with an expectation of corporate tax reduction and withdrawal of minimum 2% tax on turnover as discussed with and applied to the finance ministry of Bangladesh. The company seeks 10% point reduction of corporate tax for 10 years, which is 45% for non-listed telecom operators and 40% for the listed ones from the sector

<https://tbsnews.net/economy/stock/robi-seeks-exemption-post-ipo-lock-51016>

Norway wants amicable solution to GP's issues

• Norway wants a quick and amicable solution to the problems the country's leading mobile operator Grameenphone is facing in running its operations, said a top diplomat from the Nordic country. The Norwegian government has a substantial share in Telenor, and if the Grameenphone issue is settled quickly, the country can make more investment in Bangladesh.

• Last year, an audit by the Bangladesh Telecommunication Regulatory Commission (BTRC) into Grameenphone's books from its inception in 1997 until 2014 found that the carrier owed BDT 125.79 billion to the commission in revenue share, taxes and late fees. The BTRC then directed Grameenphone to pay the amount. The telecom operator then went to the court. Eventually, the Supreme Court ordered the operator to pay BDT 20 billion to the BTRC. On February 23, Grameenphone paid BDT 10 billion.

<https://www.thedailystar.net/business/news/norway-wants-amicable-solution-gps-issues-1876105>

Bangladesh Bank asks NBFIs to find ways to restructure weak peers

• The central bank yesterday asked non-bank financial institutions to explore avenues to restructure their weak peers with a view to improving the image of the financial sector. Some NBFIs are struggling to survive as they faced a wide-range of financial scams in recent years. The central bank sought suggestions from the Bangladesh Leasing and Finance Companies Association (BLFCA) on how to restructure the weak NBFIs as well.

• The lenders requested the central bank to extend emergency liquidity support to the NBFIs against their cash reserve requirement and the statutory liquidity ratio, except those struggling owing to poor corporate governance. The association sought similar supports from the finance ministry on Monday in order to make the NBFIs sector vibrant.

<https://www.thedailystar.net/business/news/bb-asks-nbfis-find-ways-restructure-weak-peers-1876054>

Single-digit interest rate: Investment Corporation of Bangladesh (ICB) wants in on new regime

• The Investment Corporation of Bangladesh, or ICB, has requested the government to cut interest rate on term deposits it took from banks to support the stock market. In a recent letter to the finance ministry, the ICB asked for slashing the interest rate to 5.5% in line with the government's effort to cut the interest rate of deposits and loans. Presently, the corporation has some BDT 106.71 billion in costlier deposits it took on various occasions, bearing interest rate ranging from 8.0% to 11%. Under the present interest rate, the ICB needs to pay BDT 11.53 billion annually to the depositors. It has already paid BDT 5.767 billion half-yearly interest.

<https://thefinancialexpress.com.bd/economy/single-digit-interest-rate-icb-wants-in-on-new-regime-1583211308>

Bangladesh Economic Zones Authority (BEZA) gets USD 20.5 billion investment proposals

- Bangladesh Economic Zones Authority (BEZA) has received investment proposals amounting to around 20.50 billion US Dollar from 151 local and foreign business entities. Out of the investment proposals, around USD 2.80 billion has already been invested in different special economic zone (SEZs). Around USD 4.808 billion will come as foreign direct investment (FDI) from different companies in Japan, China, South Korea, India, Thailand, Australia, the UK, the Netherland and the USA.
- Many entrepreneurs from home and abroad have already started construction works of their industrial units in the economic zones, while many are taking preparations to set up factories there. The economic zones have already created direct employment opportunities for around 30,000 people, and through the proposed industrial units, there will be direct employment scope for at least 0.80 million people.

<https://thefinancialexpress.com.bd/economy/beza-gets-205b-investment-proposals-1583225836>

IDLC launches Venture Capital fund

- IDLC Finance Limited on Tuesday launched its first 'Venture Capital Fund' worth of BDT 450 million to invest in early stage tech-based start-ups in the country. The non-banking financial institution (NBFI), through this fund, plans to make investments in local companies that provide technology-enabled solutions to the consumers and businesses.
- The objective of IDLC Venture Capital Fund is to provide investors with risk-adjusted returns through investing in, nurturing, and then exiting from early stage companies. Individual investors can invest with a minimum ticket size of BDT 5.0 million, and institutional investors can invest with a minimum ticket size of BDT 20 million.

The fund tenure will be seven years with an extendable period of two years.

<https://today.thefinancialexpress.com.bd/stock-corporate/idlc-launches-vc-fund-1583255973>

<https://www.thedailystar.net/business/news/bangladeshi-start-ups-homing-billion-dollar-valuation-1876150>

Envoy Textiles to raise BDT 870 million through preference shares

- Envoy Textiles is set to raise BDT 870 million by issuing non-convertible cumulative preference shares in order to bring sustainable finishing machine and build captive power. The preference share would be fully redeemable, with a tenure of five years. The shares would be issued to banks, insurance companies, institutional investors and eligible investors. The face value of the preference shares would be BDT 10 million for institutional investors and BDT 5 million for eligible investors.
- The chairman of Envoy Textile said that they will utilize the fund to purchase sustainable finishing machine where chemical would be used at a very low level. The other funds would be used in forming captive power of 10 megawatts and repayment of short-term loan, he said.

<https://www.thedailystar.net/business/news/envoy-textiles-raise-BDT-87cr-through-preference-shares-1876102>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$47.93	+0.75	+1.59%
Crude Oil (Brent)*	\$52.69	+0.83	+1.60%
Gold Spot*	\$1,643.11	+2.21	+0.13%
DSEX	4466.07	+31.26	+0.70%
Dow Jones Industrial Average	25,917.41	-785.91	-2.94%
FTSE 100	6,718.20	+63.31	+0.95%
Nikkei 225	21,156.99	+74.26	+0.35%
BSE SENSEX	38,623.70	+479.68	+1.26%

Exchange Rates**USD 1 = BDT 84.75*****GBP 1 = BDT 108.57*****EUR 1 = BDT 94.61*****INR 1 = BDT 1.16***

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

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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BRAC EPL Research www.bracepl.com

121/B Gulshan Avenue
Gulshan-2, Dhaka
Phone: +880 2 881 9421-5
Fax: +880 2 881 9426
E-Mail: research@bracepl.com