

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's (BB) baffling move: Gives approval to new NBFIs, Strategic Finance and Investments, when sector is in meltdown

- The central bank has given the go-ahead to set up a new non-bank financial institution (NBFIs) in its last board meeting -- a move that has stumped experts and industry insiders given the poorly state of sector. The board of directors of the Bangladesh Bank gave the letter of intent to Strategic Finance and Investments. Its chairperson is the wife of the chairman of Padma Bank. She is also a sponsor-shareholder of Padma Bank, which was rechristened from Farmers Bank earlier in January last year as part of its effort to sweep the gross irregularities and loan scams under the carpet and get an image makeover.
- At present, there are 33 NBFIs and the majority of them are struggling to survive amid rising default loans and inability to repay depositors' money. Another unusual aspect of the move to award the license to Strategic Finance and Investments was the time it took the central bank to do its due diligence. Strategic Finance and Investments had applied for license on October 16 last year and the central bank completed all processes in less than three months, when it usually requires at least 5 to 6 months. The move surprised even a number of the central bank officials.
- The central bank has given the letter of intent to Strategic Finance and Investments as it had given commitment to bring the majority portion of its equity and fund from foreign sources, said the spokesperson and an executive director of the BB. The new NBFIs will not face any liquidity crunch as it will mobilize funds from abroad, he said.
- At the end of September, the total default loans in NBFIs amounted to BDT 68.38 billion, up 25.23% from six months earlier, according to data from the central bank. The amount would have been much larger had the default loans of People Leasing were added to the list. Default loans of People's Leasing is about BDT 6 to BDT 7 billion.

<https://www.thedailystar.net/business/bangladesh-bank-baffling-move-1853896>

<https://www.newagebd.net/article/96489/bangladesh-bank-approves-new-nbfi-amid-sectors-struggles>

<https://www.dhakatribune.com/business/banks/2020/01/13/bb-nods-to-new-nbfi-amid-soaring-bad-loans>

World Bank unlikely to lift lending for Bangladesh

- The World Bank, or WB, is likely to provide USD4.50 billion in loans to Bangladesh over the next three-years, officials said on Monday, the same level as the current portfolio. Although the total aid package of the global lender for its member countries is going to be enhanced by USD 7.0 billion to USD 82 billion for the fiscal year 2020-21 to FY2023, Bangladesh's share is unlikely to be raised, they said.
- Under the International Development Association (IDA)-18 package, which concludes this fiscal, Bangladesh has received some USD 4.48 billion in assistance. In the first two years of the outgoing package, Bangladesh has tapped bulk of the USD 4.4 billion assistance from the bank for implementing different development programmes and projects, he added. In the meeting, the WB's donors have confirmed USD 82 billion aid package for the IDA -- 19 spread over FY2021 -FY2023 for its 113 member states, officials said.
- The ERD official said since a staggering USD 53 billion fund under the upcoming package has been earmarked for the African countries, the remaining funds will be distributed among the rest, including Bangladesh. Over the next three years, the WB will focus on promoting greater equity and economic growth, tackling broader development challenges, such as enhancing debt sustainability and transparency, promoting inclusion of those living with disabilities and investing in human capital. According to the bank officials in Dhaka, Bangladesh is the largest IDA recipient in the world with its total borrowing hitting USD 12 billion against 46 ongoing projects.
- The WB provides the concessional loans and grants from its soft-lending arm to the countries whose per capita Gross National Income (GNI) is USD1,215 or less. The IDA-only countries receive the loan at 1.75% rate with a maturity period of 30 years. It also provides a five-year grace period for repaying the loan.

<https://today.thefinancialexpress.com.bd/first-page/wb-unlikely-to-lift-lending-for-bd-1578936883>

Government is set to appoint administrators to Grameenphone, Robi

- The government is set to appoint administrators to Grameenphone and Robi if the two mobile operators fail to make at least partial payment of the audit claims of BTRC within the deadline.
- The Appellate Division of the Supreme Court, on November 24, ordered Grameenphone to pay BTRC BDT 20 billion in three months, the telecom regulator's total audit claim (as dues) from the mobile operator being BDT 125.79 billion. The High Court on January 5 this year asked Robi Axiata Limited to pay BTRC BDT 1.38 billion in five equal

installments, the telecom regulator's total audit claim (as dues) from the mobile operator being BDT 8.67 billion.

- Meeting sources and BTRC officials said the government would take action as per the telecom law that included license cancellation and appointing administrator to run the companies. BTRC officials said the appointment of administrator was more likely, as cancellation of license would adversely affect the customers of both the operators. A BTRC official said the government would appoint eminent personalities, acceptable to all, as administrators. There will be three more technical persons appointed to help the administrators in dealing with legal, engineering and finance-related matters, a senior BTRC official said.

<https://www.dhakatribune.com/business/2020/01/14/govt-is-set-to-appoint-administrators-to-gp-robi>

Telecom complaints double, one-third solved

- The Bangladesh Telecommunication Regulatory Commission received more than 14,000 complaints last year, almost double from a year ago, because of the inclusion of new options to lodge grumbles. However, only 37% of the complaints were resolved in 2019, way lower than 93.44% a year ago. Most of the complaints were about bar on mobile connection, network problem, quality of service, tariff issues and mobile number portability, according to a report of the commission. The report was released yesterday.
- However, the mobile operators explained the situation from a different point of view. The restrictions on top two players on network expansion have impacted the overall service quality, which fueled the number of complaints, they said.

<https://www.thedailystar.net/business/news/telecom-complaints-double-one-third-solved-1853884>
<https://www.newagebd.net/article/96491/mobile-users-file-13000-complaints-against-operators-in-2019>

Payra coal-fired plant starts power generation

- Payra coal-fired power plant has initiated electricity generation on Monday after successful synchronization with the national power grid. The power plant started with supplying around 100 megawatts (MW) of electricity, and it will increase generation, said a senior official of the Power Division. The first unit of the plant, having the capacity of 660 MW, is expected to be commissioned later this month, and it will be the country's largest electricity plant.
- The company has already imported around 160,000 tonnes of coal from Indonesia by December for commissioning the USD 1.98-billion plant. The plant is using bituminous and sub-bituminous coal, and its expected efficiency level is 48.05%. It will require around 12,000 tonnes of coal daily to generate electricity. The second unit, having the same capacity, is expected to go online within this year.
- The project is being implemented on a 70:30 debt equity ratio, meaning the NWPGL and the CMC will have to provide 30% fund of the total project cost, and mobilize the remaining 70% from external sources. The plant operator is providing 20% equity to implement the project, and the remaining 80% is being sourced as loans from the Exim Bank of China.

<https://today.thefinancialexpress.com.bd/first-page/payra-coal-fired-plant-starts-power-generation-1578937042>
<https://www.dhakatribune.com/bangladesh/nation/2020/01/13/first-unit-of-payra-power-plant-goes-into-operation>
<https://www.thedailystar.net/frontpage/news/payra-coal-power-plant-takes-1853791>

Government to invest USD 1.0 billion in ship-building yard

- The government in collaboration with two foreign companies will build a modern ship-building yard in southern Patuakhali, an official said. The state-of-the-art ship building yard along with backward linkage industry will be built on 105 acres of land at Charnishanbaria of the district. The state-owned Bangladesh Steel and Engineering Corporation (BSEC) is set to sign a memorandum of understanding with Damen Group of the Netherlands and Gentium Solutions of Australia today (Tuesday) for carrying out the feasibility study for the yard.
- The official said that initially, over USD 1.0 billion will be invested in the ship-building yard and backward linkage industry. Bangladesh has now over 200 shipbuilding companies, mostly located in Dhaka, Chattogram, Narayanganj and Khulna.

<https://today.thefinancialexpress.com.bd/last-page/govt-to-invest-10b-in-ship-building-yard-1578937384>

South Korean apparel company to invest USD 5.23 million in Chattogram Export Processing Zone (CEPZ)

- An apparel company from the Republic of Korea (ROK) will establish a readymade garment (RMG) industry in Chattogram Export Processing Zone (CEPZ), reports BSS. South Korean Ms JW Apparel Limited will set up the RMG

industry at the CEPZ with an investment of USD 5.23 million. This fully foreign owned company will produce annually 2.1 million pieces of various kinds of apparel, specially jackets, pants, vest and blanket. JW Apparel will create employment opportunity for at least 1,338 Bangladeshi nationals.

- In another development, South Korea's SK Group has expressed its interest to set up industry at the 30,000-acre Mirsarai Economic Zone in Chattogram. Another ROK entity, Super Petrochemical, also showed interest to invest USD 2.38 billion in petrochemicals in Chattogram.

<https://today.thefinancialexpress.com.bd/trade-market/s-korean-apparel-company-to-invest-523m-in-cepz-1578935923>

National Board of Revenue (NBR) allows Economic Zones (EZ) factories to import spare parts duty-free

- The National Board of Revenue (NBR) has offered duty-free benefit on import of spare parts by the factories located inside the Economic Zones (EZs) of the country. He said that the industries located in the export processing zones under the Bangladesh Export Processing Zones Authority (BEPZA) also get exemption from payment of customs duty, regulatory duty, supplementary duty and value-added tax on import of spare parts along with capital machinery. The private EPZs also enjoy the same benefit, but the BEZA investors were not eligible for it, he added.

<https://today.thefinancialexpress.com.bd/trade-market/nbr-allows-ez-factories-to-import-spare-parts-duty-free-1578935814>

<https://www.newagebd.net/article/96490/economic-zone-units-allowed-to-import-spare-parts-duty-free>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.19	+0.11	+0.19%
Crude Oil (Brent)*	\$64.36	+0.16	+0.25%
Gold Spot*	\$1,540.04	-7.84	-0.51%
DSEX	4,123.48	-88.96	-2.11%
Dow Jones Industrial Average	28,907.05	+83.28	+0.29%
FTSE 100	7,617.60	+29.75	+0.39%
Nikkei 225	24,026.81	+176.24	+0.74%
BSE SENSEX	41,883.54	+23.85	+0.06%

Exchange Rates

USD 1 = BDT 84.73*

GBP 1 = BDT 110.12*

EUR 1 = BDT 94.37*

INR 1 = BDT 1.20*

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

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

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
----------------------	-------------------------------------	--	---------------

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