

*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.*

### **Remittance: the only bright spot**

- Remittance kept up its strong growth momentum last month as migrant workers sent home 10.16% more than they did a year earlier, in a major boost to the economy under stress from sliding exports. In February, expatriate Bangladeshis sent home USD 1.45 billion to take the tally to USD 12.49 billion so far in fiscal 2019-20. The eight-month receipts were up 20.05% year-on-year, according to data from the Bangladesh Bank. The 2% cash subsidy for remitters from this fiscal year has been the main driver behind the spike, according to economists and BB officials. If the trend continues, remittance will hit a milestone of USD 20 billion come the end of the fiscal year, said BB officials. Some USD 16.4 billion flew in to the country last fiscal year.
- Exports fell 5.21% year-on-year to USD 22.92 billion in the first seven months of the fiscal year, according to data from the Export Promotion Bureau. The country's balance of payment would have faced severe crisis if remittance had failed to maintain the upward trend. The current account deficit contracted 60% year-on-year to USD 1.34 billion in the first half of the fiscal year. The overall balance, another major component of the balance of payment, stood at USD 27 million during the period. A year earlier, it was USD 513 million in the deficit. Besides, the foreign exchange reserve is at a comfortable level thanks to the strong growth of remittance, said a former economist of the International Monetary Fund.

<https://www.thedailystar.net/business/news/remittance-the-only-bright-spot-1875130>

<https://www.newagebd.net/article/101000/remittance-tops-125b-in-july-feb>

<https://today.thefinancialexpress.com.bd/trade-market/july-feb-remittance-flow-crosses-12b-1583079964>

### **9% interest rate on loans: petition challenges legality of central bank decision**

- A writ petition was filed with the High Court today, challenging the legality of Bangladesh Bank's decision that instructed the scheduled banks to set a maximum 9% interest rate on all loans except credit cards. An apprentice lawyer submitted the petition praying to the HC to issue a rule upon the respondents to explain why the directive issued by the central bank on February 24 should not be declared illegal.
- In the writ petition, the apprentice lawyer said the central bank's decision may severely affect the already suffering banking sector and such restriction about reducing the interest rate is unlawful against establishment of financial policies and international practices of free market economy. The notification does not mention any reason behind directing all scheduled banks to charge interest rate at a maximum rate of 9%, he said in the petition, adding that such restriction will further stifle the availability of loans necessary for setting up and expansion of small, medium and large businesses and commercial entities. Consequence of significant reduction in the interest or profit charged by the bank would also sharply fall impacting upon income of the depositors via fixed deposit schemes, resulting in serious prejudice to middle income group of the country, and therefore, Bangladesh Bank's decision is a violation of the fundamental right of "equality before law" guaranteed under article 27 of the constitution, the writ petitioner said in the petition.

<https://www.thedailystar.net/business/9-percent-interest-rate-on-all-loans-1874965>

<https://thefinancialexpress.com.bd/economy/writ-challenges-bb-circular-on-single-digit-loan-interest-1583055991>

### **Walton Hi-Tech's share bidding begins today**

- The bidding period for eligible investors to discover the cut-off price of Walton Hi-Tech Industries' shares through electronic subscription system begins today (Monday). The electronic bidding will continue until 5.00pm on March 5 round-the-clock, officials said. Each eligible investor who intends to participate in the electronic bidding shall maintain a minimum investment of BDT 10 million in listed securities as on February 23.
- The Bangladesh Securities and Exchange Commission (BSEC) -- allowed Walton Hi-Tech to explore its cut-off price on January 7 - a requirement for going public under the book building method. As per the regulatory approval, the company will raise a capital worth BDT 1.0 billion using the book building method to expand business and repay bank loans. As per the book building method, the eligible investors, including mutual funds, will get 50% shares at the cut-off price through electronic bidding. The remaining 50% shares will be open to the IPO participants, including affected small investors and non-resident Bangladeshis, at a 10% discount on the cut-off price.
- Started its journey in 1977, Walton manufactures refrigerators, freezers, air conditioners, LED/LCD televisions, motorcycles, smart phones and home appliances. Walton is the biggest exporter in the field of electronics, with presence in more than 20 countries, according to the company's website.

<https://today.thefinancialexpress.com.bd/stock-corporate/walton-hi-techs-share-bidding-begins-today-1583083365>

### **Walton starts exporting AC, smartphones to India, USA**

- Local technology conglomerate Walton today started exporting two advanced technical products, air conditioners and smartphones to India and USA, to be distributed in those markets under different branding. Walton manufactured the products as an original equipment manufacturer (OEM), meaning they will not carry Walton branding. Bangladesh Hi-Tech Park Authority also declared Walton High-Tech Industries Limited a private Hi-Tech Park, so that they get additional tax benefits from the government.
- Walton meets its entire demand from local production and since 2018, stopped importing handsets manufactured elsewhere. Currently their production capacity is around 0.8 million smartphones and 2 million feature phones per month. The local brand also started exporting about 26,000 air conditioners to India today.

<https://www.thedailystar.net/online/walton-starts-exporting-ac-smartphones-india-and-usa-1874959>

### **4 banks move to form special funds for stocks**

- Four banks have moved to form special funds for the capital market investment complying with a Bangladesh Bank directive. The four banks are Dhaka Bank, Sonali Bank, Rupali Bank and The City Bank. The Bangladesh Bank on February 10 allowed each bank to form a BDT 2 billion special fund by taking low-interest loans from the central bank to invest in the stock market.
- The fund would be valid till February, 2025 and the banks would be allowed to take money under the scope till January 13, 2025. The investment is exempted from calculation of banks' capital market exposure. The central bank would issue the fund to the banks against the treasury bills or bonds held by them at the rate of 5%.

<https://www.newagebd.net/article/101006/4-banks-move-to-form-spl-funds-for-stocks>

### **ACI swims against the tide, enters shrimp export market**

- ACI Agrolink, a subsidiary of Advanced Chemical Industries (ACI), has set foot in shrimp processing to make a breakthrough in the global seafood market and take the sector out of troubled waters. Bangladesh's shrimp exports have been on the wane since fiscal 2013-14 in the face of increased competition from countries such as India, Vietnam and Thailand, where low-priced vannamei shrimp are grown. The factory, which was set up at a cost of BDT 250 million, sits in the shrimp farming village Amian in Kaliganj upazila of Satkhira, one of the main shrimp growing districts.
- ACI Agrolink purchases black tiger shrimps directly from farmers, so there is next to no risk of bacterial contamination en route to the processing plant, which has the capacity to process 30 tonnes of shrimp daily. Besides, the locational advantage means the quality of shrimps sold will be better than the other processors'.
- ACI is entering the export-oriented sector at a time when half of the shrimp and fish processing factories have gone out of business due to shortage of a few essential raw materials. Currently, about 15 processing plants are engaged in exports.

<https://www.thedailystar.net/business/news/aci-swims-against-the-tide-enters-shrimp-export-market-1875118>

### **Rural areas power agent banking**

- The agent banking is booming, mostly in rural areas, supported by a large inflow of remittances, according to Bangladesh Bank officials. An agent banker is the owner of an outlet, who conducts banking transactions on behalf of a bank. The volume of remittances inflow through this channel was recorded at BDT. 155.3 billion at the end of December 2019, up by 106% over a year earlier. This is equivalent to over 11% of total remittances Bangladesh pulls in annually. The bulk of remittances was transacted in rural Bangladesh.
- The central bank statistics shows that the growth in such banking in urban areas got momentum only in 2019, although the number in cities is still below one-fourth of rural agents. While 21 commercial banks, mostly private lenders, own licenses, 19 are operational. Bank Asia, a private bank, is believed to be the pioneer of the system, although it existed in many parts of the world, including in Africa. Loan disbursement by 19 holders of licenses of agent banking strengthened in 2019 with an aggregate disbursement of BDT 4.4 billion. This buoyancy in remittance growth was significantly higher than the total deposits of BDT. 75.2 billion with the system in December in 2019.

<https://today.thefinancialexpress.com.bd/first-page/rural-areas-power-agent-banking-1583084877>

### The Bangladesh Telecommunication Regulatory Commission (BTRC) to block illegal handsets imported after Aug, 2019

- The Bangladesh Telecommunication Regulatory Commission on Sunday warned mobile phone users that it would block soon the handsets brought to the country illegally after August 1, 2019. However, the handsets, which became connected with the network before August last year, would be allowed to access telecom network even if they were brought to the country illegally. As per the mobile phone importers information, around 30% of the country's total handsets are illegally brought to the country and retailed to the customers through different platforms.
- On February 24, the commission floated an international tender for the supply, installation and operation of the National Equipment Identity Registrar (NEIR). Under the circumstance, handsets of a large number of mobile phone users, especially those of the marginalized and less educated ones, might become invalid when the commission would enforce it.

<https://www.newagebd.net/article/101002/btrc-to-block-illegal-handsets-imported-after-aug-2019>  
<https://today.thefinancialexpress.com.bd/last-page/no-network-for-illegal-handsets-after-july-1583085420>

### The Financial Reporting Council (FRC) urges Bangladesh Securities and Exchange Commission (BSEC) to take action against Advent Pharma, auditor Ahmed Zaker

- The Financial Reporting Council has requested the Bangladesh Securities and Exchange Commission to take punitive action against Advent Pharma and chartered accountant Ahmed Zaker & Co for anomalies in appointing auditor, breaching corporate governance and ambiguity in utilization of initial public offering proceeds. Despite approving KM Hassan & Co, chartered accountant as the company's auditor in the company's annual general meeting for the financial year 2018-19, the company audited the financial report by another auditor named Ahmed Zaker & Co.
- Advent Pharmaceuticals in 2018 raised BDT 200 million from the capital market through its IPO at an issue price of BDT 10 each share. The FRC didn't find any explanation about the utilization of IPO proceeds on agenda of any meeting held during 2018-19, and company's explanation regarding the issues was not satisfactory. Therefore, the FRC requested the BSEC to take action against the board of the company, its audit committee, corporate governance compliance auditor and auditor Ahmed Zaker & Co.

<https://www.newagebd.net/article/101005/frc-urges-bsec-to-take-action-against-advent-pharma-auditor-ahmed-zaker>

#### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$45.50	+0.74	+1.65%
Crude Oil (Brent)*	\$50.59	+0.92	+1.85%
Gold Spot*	\$1,596.85	+11.16	+0.70%
DSEX	4409.92	-70.31	-1.57%
Dow Jones Industrial Average	25,409.36	-357.28	-1.39%
FTSE 100	6,580.61	-215.79	-3.18%
Nikkei 225	21,255.71	+112.75	+0.53%
BSE SENSEX	38,297.29	-1,448.37	-3.64%

#### Exchange Rates

**USD 1 = BDT 84.35\***  
**GBP 1 = BDT 108.20\***  
**EUR 1 = BDT 93.32\***  
**INR 1 = BDT 1.16\***

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

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