

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.

Annual Development Programme spending from government fund on the rise

- Development spending from the government's own purse rose in the first eight months of the current fiscal year while the use of the funds from the foreign aid portion of the budget fell. Between July and February, BDT 429.79 billion, or 32.41% of the allocation from the government owned fund, was spent. It was BDT 336.54 billion, or 35.23%, in the same period a year ago, according to data from the Implementation Monitoring and Evaluation Division (IMED) of the planning ministry.
- On the other hand, BDT 242.25 billion was spent from the foreign aid, which is 40.37% of the allocation. It stood at BDT 253.41 billion, or 41.94% of the allocation, during the same eight-month period in the last fiscal year. Officials of the planning ministry said the implementation of the annual development programme (ADP) did not hit the target because of the delay in land acquisition. As a result, the budgetary allocation from foreign aid will be shaved off by BDT 90.00 billion to BDT 510.0 billion now in the revised budget, a planning ministry official said.

<https://www.thedailystar.net/business/news/adp-spending-govt-fund-the-rise-1716622>

Overall debt to shoot up to BDT 8.8 trillion in new budget

- The amount of overall outstanding debt is likely to jump to BDT 8.8 trillion in the budget for the upcoming fiscal year (2019-20) from BDT 7.4 trillion in the current fiscal year due to a high growth in domestic loans. Finance Division officials said the overall outstanding debts had increased by BDT 500.00 billion on average since FY 2015-16, but the increase almost doubled in the current fiscal and would nearly treble in the upcoming fiscal.
- The officials and experts attributed the sharp rise in the overall debt to high domestic borrowing against paltry growth in loans from foreign sources. According to officials, the government relies on borrowings from local and foreign sources to make up the budget deficit that grew largely because of revenue shortfall, a usual phenomenon for the last one decade.

<http://www.newagebd.net/article/67669/overall-debt-to-shoot-up-to-BDT-88-lakh-cr-in-new-budget>

NBR loses BDT 1.4 trillion in 4.5 years

- The government has offered around BDT 1.47 trillion in the form of tax exemptions at import stage to the various sectors since fiscal year (FY) 2014-15 until January last. The amount of tax waived is nearly half the current fiscal's total tax-revenue collection target of BDT 2.96 trillion. This has caused a BDT 441.17 billion of revenue loss to the public exchequer during the fiscal year (FY) 2017-18.
- Officials said such tax exemption is one of the major reasons for the failure in achieving the revenue collection target. In a brief analysis, the customs wing has found a total of 21 sectors that have enjoyed tax exemptions during the last four years.
- The NBR offered BDT 66.03 billion tax exemptions from the import of capital machinery while BDT 22.83 billion for raw materials in the first seven months of the FY 2018-19.

<http://today.thefinancialexpress.com.bd/first-page/nbr-loses-BDT-14-trillion-in-45-yrs-1552845233>

<https://www.thedailystar.net/business/news/duty-exemption-doubles-3yrs-1716661>

<http://www.newagebd.net/article/67670/importers-get-BDT-148-lakh-cr-in-duty-waiver-in-55-months>

Capital takes flight as no use of funds locally

- Capital flight is taking place because money cannot be put to good use at home, said the prime minister's economic affairs adviser.
- If the capital that is going out of sight is added to public assets, the amount of funds available for investment will go up significantly then, accelerating the pace of development.
- He remarked about the capital flight while attending the ceremony where Padma Bank was renamed from Farmers Bank recently with a view to getting a clean slate - from the incidents of irregularities and loan scams that haunted it since its inception in 2013. In less than three years of its establishment, Farmers Bank became a hotbed for financial irregularities. More than BDT 35.0 billion was siphoned out of the bank, according to the Bangladesh Bank.

<https://www.thedailystar.net/business/news/capital-takes-flight-no-use-funds-locally-1716061>

No 15% VAT rate from July: Finance Minister

- Finance Minister said there will be no 15% VAT (value added tax) rate as it prevails now. This rate will be discontinued from July next while introducing the new VAT and Supplementary Duty act. He said from the next fiscal year, there will be three VAT rates-5.0%, 7.0% and 10%.
- Under a condition of the International Monetary Fund (IMF) the government passed the new VAT and Supplementary Duty act in 2012 to get USD1.0 billion budgetary support. The main feature of the new act was the introduction of a 15% flat rate of VAT. However, the government could not enforce the new act in the face of protests from the business community and politicians.
- Mr Kamal also said the government now plans to engage the private sector asset management companies to help recover non-performing loans (NPLs).

<http://today.thefinancialexpress.com.bd/public/first-page/no-15pc-vat-rate-from-july-kamal-1552586148>
<http://www.newagebd.net/article/67433/assets-management-cos-to-be-hired-finance-minister>

Bangladesh has huge potential in Blue Economy

- Bangladesh has immense potential in Blue Economy, Chinese Ambassador in Bangladesh Zhang Zuo said yesterday. China has recently passed a new foreign investment law which is more open and flexible for foreign investors, Zuo said. Chinese companies are optimistic about increased business cooperation between the two nations in the next decade, the Dhaka chamber quoted Zuo as saying in a statement.
- Bangladesh by and large exports frozen and live fish, leather and leather goods, vegetable, textile fibres, paper yarn and woven fabrics, articles of apparel and clothing, electrical machinery and equipment and furniture to China, president of the Dhaka Chamber of Commerce and Industry (DCCI) said.

The bilateral trade between China and Bangladesh in 2017-18 was \$12.40 billion. According to the economists, this bilateral trade volume may reach to \$18 billion by 2021, president of DCCI said.

<https://www.thedailystar.net/business/news/bangladesh-has-huge-potential-blue-economy-1716058>

NBR grants tax waiver to several infrastructure development companies

- The National Board of Revenue (NBR) has granted tax exemption to several private sector companies, working for the country's infrastructure projects including expansion of the Dhaka airport and building the city's mass rapid transit system. The NBR's Income Tax Wing has issued three Statutory Regulatory Orders (SROs) in this regard.
- Japanese officials working in the Nippon Koei Co Ltd and the Oriental Consultants Global Co Ltd will enjoy the tax exemption on their earnings from the Hazrat Shahjalal International Airport Expansion Project (1). The companies are involved in implementation of the project.
- The NBR has also granted tax exemption to the Japanese contractor Kawasaki-Mitsubishi Consortium (KMC) on its earnings from the Dhaka Mass Rapid Transit Development Project (II). The company is involved in purchase of rolling stock and other equipment for the project. The board has also offered tax waiver to the SS Power I Limited on its fees/ interest that will arise from loans.

<http://today.thefinancialexpress.com.bd/public/first-page/nbr-grants-tax-waiver-to-several-infrastructure-dev-companies-1552586356>

Commerce minister urges Washington to reinstate GSP

- Commerce minister urged the United States to reinstate trade benefits for Bangladesh, helping the country restore its image. He made the remarks while inaugurating the US Trade Show in the city.
- He added that the government is working on getting the GSP back as its suspension has made it difficult for exporters to access the market of the world's largest economy.
- The US withdrew the GSP facility on June 27, 2013, on the heels of Rana Plaza collapse that killed more than 1,100 workers. Tazreen Fashions fire in 2012 also promoted the US to take such decisions. While Bangladesh has made considerable progress in improving the safety and environment of the garment industry, the US has not yet restored the GSP facility.

- The minister said the US-Bangladesh trade is increasing favouring Bangladesh as the United States is the country's single largest market with exports of apparels averaging \$ 6.0 billion a year.

<http://today.thefinancialexpress.com.bd/public/first-page/commerce-minister-urges-washington-to-reinstate-gsp-1552586301>

BDT continues to deflate against USD

- The local currency is continuously maintaining a depreciating mode against the US dollar (USD), although the central bank is directly selling the greenback to the banks to keep the market stable. The Bangladesh Taka (BDT) depreciated by 10 poisha in the country's inter-bank foreign exchange (forex) market last week that ended on Thursday, according to the market operators. The US dollar was quoted at BDT 84.25 each in the forex market on Thursday against BDT 83.15 a week ago, they added.

- The BB's selling of USD to the banks, particularly the public sector ones, rose to \$88 million last week from \$44 million a week before. The central bank is continuously providing such support to the banks for making import payments, particularly for fuel-oils, fertilisers, LNG (liquefied natural gas), and capital machinery for power plants.

<http://today.thefinancialexpress.com.bd/last-page/bdt-continues-to-deflate-against-1552845927>

BB warns against forex transaction for migration

- Bangladesh Bank on Thursday issued a caution notice asking entities and individuals to refrain from transacting foreign currency for investment purposes to get citizenship abroad. The central bank issued the notification as several entities were offering consultancy services to individuals capable of making foreign currency investments for immigration purposes in last few days.

- BB issued the caution notice, taking the advertisements of the immigration consultancy firms into cognizance. As per the Foreign Exchange Regulation Act, 1947, none is allowed to make foreign investments from capital account. Under the act, only the central bank-authorized entities are allowed to conduct foreign currency transaction.

- The central bank notification called upon all concerned to refrain from making any foreign currency transaction with unauthorised person or entity.

- The capital flight from Bangladesh has increased in recent years with \$5.9 billion (about BDT 500.0 billion) siphoning off from Bangladesh in 2015, taking the total amount siphoned off from Bangladesh to \$81.74 billion in 11 years since 2005, according to a report of Washington-based Global Financial Integrity released in January, 2019.

<http://www.newagebd.net/article/67373/bb-warns-against-forex-transaction-for-migration>

Bailout for big loan defaulters

- Bangladesh Bank and a government committee have come up with a generous scheme to allow easy rescheduling of defaulted loans, which experts say will hurt the banking sector and the economy at large. Once implemented, the scheme will also enable loan defaulters to obtain many other financial benefits.

- According to the new proposal, loan defaulters will get 13 to 15 years, with a grace period of up to two years, to pay back their loans. All they will need to do is make a down payment of maximum 2% of their outstanding loans, instead of the current requirement of 10 to 15%, for regularising their loans. In some cases, they won't have to pay.

- Four years ago, a similar bailout offer was made to companies that had defaulted on large loans, allowing them to reschedule and repay loans on significantly relaxed terms. But the special bailout scheme couldn't yield desired results as most of the large loan defaulters, who availed themselves of the scheme, did not make any serious effort to pay back their huge loans.

<https://www.thedailystar.net/frontpage/news/bangladesh-bank-bailout-big-loan-defaulters-1716697>

BASIC drowning in default loans

- BASIC Bank continues to be overwhelmed with default loans despite going on a loan rescheduling spree, with the scam-hit bank logging in operating loss of BDT 1.18 billion last year. In 2018 the bank rescheduled loans of BDT 12.86 billion, 35.52% more than in the previous year, when it registered a profit of BDT 350 million.

- Still, the bank's non-performing loans hit a peak of 57.55% of total outstanding loans at the end of December last year, up from 52.73% a year earlier. The default loans increased as the large amounts of loans that the bank had regularised during 2014 and 2015 have been reclassified again, said the chairman of BASIC Bank. The bank had regularised more than BDT 55.0 billion of loans during the period with little down payment. Moreover, the bank fell into

huge loss as it had to comply with the government's instruction of lending at 9% and taking deposits at 6%, he said.

<https://www.thedailystar.net/business/news/basic-drowning-default-loans-1716640>

Banks' consumer lending growth defies BB order

- Leading commercial banks provide consumer finance that surpasses the growth rate of banks' total lending violating the central bank instruction, according to an investigation. In 2017, the Bangladesh Bank issued a circular, asking banks to provide consumer finance in such a way that the growth rate under consumer financing cannot go beyond that of total loans.
- Consumer financing usually consists of credit cards, car loans, housing loans, marriage loans and "any purpose loans." This type of financing raises the inflationary pressures on the economy, especially the headline inflation.
- For this reason, the central bank encourages loans to productive sectors, which support economic expansion and employment creation. The development involving the consumer lending came to light in an investigation conducted by the Financial Reporting Council (FRC), the auditors' watchdog.

<http://today.thefinancialexpress.com.bd/public/first-page/banks-consumer-lending-growth-defies-bb-order-1552671814>

Duty-free car import drives down revenue in FY 18

- The total revenue collection from car imports fell by BDT 5.0 billion last fiscal year, though importation of luxury versions rose substantially. The import of luxury cars categorised as 4001 CC and above slab climbed by 855% in fiscal 2017-18 compared with that of the previous year, but revenue receipts showed a downtrend. Such cars are subject to the payment of the highest 827% import tax.
- The import tax declined by BDT 120 million for this category of cars in the last fiscal compared with a year ago, despite a rapid pick-up in import. The National Board of Revenue (NBR) received BDT 1.14 billion taxes against the import of 1,539 luxury cars that are 4001 CC and above in FY 2017-18.
- In contrast, the national tax collector received BDT 1.26 billion duty against the imports of 161 similar category cars in 2016-17. customs officials said the increase in duty-free cars by lawmakers and project officials marked a sharp rise in the last fiscal, which led to the fall in revenue collection.
- A total of 40,278 cars entered the country in FY 2017-18, compared with 32,398 in the corresponding year. The tax collector received BDT 35.56 billion taxes from the import of cars or jeeps last fiscal, down from BDT 40.66 billion in FY 2016-17.

<http://today.thefinancialexpress.com.bd/first-page/duty-free-car-import-drives-down-revenue-in-fy-18-1552755106>

No more 'unfavourable' foreign aid

- State minister for foreign affairs said Bangladesh prefers trade partnership to overseas assistance as the country has decided to scale down its aid dependence. Noting that Bangladesh had not even inked a free trade agreement with any country, he further said now the country is in talks with at least three countries to sign such a deal.
- Highlighting the growth of foreign direct investment (FDI) in Bangladesh, he said globally-reputed companies like Samsung and Aramco, are investing in the country.

<http://today.thefinancialexpress.com.bd/last-page/no-more-unfavourable-foreign-aid-1552755256>

Huawei buys \$29.3m items from Bangladesh

- Huawei, a leading global provider of ICT infrastructure and smart devices, made procurements worth \$29.3 million (BDT 2.45 billion) from Bangladesh in 2018. The company's purchases from Southeast Asia were worth \$608 million in the year. The total procurement in the region from 2016 to 2018 amounted to \$2.09 billion.

<https://www.thedailystar.net/business/news/huawei-buys-293m-items-bangladesh-1716076>

RCBC files suit to deceive Filipinos, says law minister

- Law Minister said the defamation suit filed by Rizal Commercial Banking Corp (RCBC) against Bangladesh Bank is to deceive the people of the Philippines.
- He added that the RCBC officials' conduct was not lawful. He thinks they filed the suit just to deceive the people of

their own country. The Philippines government and the Philippines Senate blamed the RCBC for hacking. It is not defamatory if Bangladesh sues them in line with the law.

<http://today.thefinancialexpress.com.bd/public/last-page/rcbc-files-suit-to-deceive-filipinos-says-law-minister-1552587096>
<https://www.thedailystar.net/business/news/rcbcs-case-only-fool-filipinos-anisul-1715224>

The SME loan conundrum

- Small- and medium-sized enterprises continue to complain about not getting access to bank credit but the banks' loan disbursement data paints a different picture. At the end of 2016, banks' total outstanding loans stood at BDT 6739.20 billion and the amount went up to BDT 7981.96 billion the following year, meaning that that BDT 1242.76 billion were added to the outstanding amount in the course of 12 months.
- In 2016, loan disbursement to SMEs was BDT 1419.35 billion, which shot up to BDT 1618.11 billion the following year, according to data from the Bangladesh Bank. In the first nine months of 2018, SME loan disbursement was BDT 1144.61 billion.
- Banks show their other loans as SMEs to meet the target set by the Bangladesh Bank and also enjoy benefits that come with lending to SME, according to the chairman of SME Foundation.
- As per BB's instructions, 20% of all bank loans must go to SMEs. And one of the benefits extended to banks for lending to SMEs is lower provisioning requirement against SME loans: 0.25% as opposed to 1% for other sectors and 2% for credit cards.

<https://www.thedailystar.net/business/news/the-sme-loan-conundrum-1715272>

Bond market key to long-term financing

- The bond market will be developed to give the banking sector relief from ongoing liquidity shortages. Banks are giving out long-term loans with short-term deposits, which is not viable for the industry, he said at Agrani Bank's annual conference at InterContinental Dhaka.
- Referring to business conglomerate Pran, the finance minister said they were doing well and would be the first business group to get involved in the bond market. The banking sector is weakening as financial tools are not being used, he said, assuring of bringing more reforms to the financial market.
- The minister said the tax net would have to be widened for the country's development. The same people are continuously paying tax but new people are not coming under the net, he said, adding that new segments would be brought under the tax net instead of the tax rate being raised.

<https://www.thedailystar.net/business/news/bond-market-key-long-term-financing-1715242>
<http://www.newagebd.net/article/67374/banking-sector-in-most-vulnerable-position-finance-minister>

Government extends deadline for bids to build new LNG terminal

- Bangladesh will extend the deadline to submit expressions of interest (EOI) to build the country's LNG terminal. The deadline will be extended by three months for companies to build liquefied natural gas (LNG) terminal.
- Rupantarita Prakritik Gas Co, the part of state-owned energy company Petrobangla that oversees LNG supplies requested interest from potential terminal developers for a land-based LNG regasification terminal at Matarbari in the Cox's Bazar district of southern Bangladesh. The initial EOIs were supposed to be due by March 20 but the companies hoping to take part asked for more time.
- The EOI is for the design, engineering, procurement, construction and commissioning of a land-based terminal that can handle 7.5 million tonnes per year of LNG, including receiving, unloading, storage and re-gasification facilities.
- The project is expected to be built on a build-own-operate basis for 20 years, with ownership then transferred to the Bangladeshi government or a company nominated by the government at no cost. The onshore terminal, which can be expanded to 15 million tonnes per year in the future, is part of Bangladesh's strategy to develop its gas sector with private companies, according to the document.

<http://today.thefinancialexpress.com.bd/public/last-page/govt-extends-deadline-for-bids-to-build-new-lng-terminal-1552587034>

GP announces 100% mobile broadband data network coverage

- Grameenphone (GP) has reiterated its commitment to the quality of the country's mobile network with the official announcement of a 100% mobile broadband data network in Bangladesh, with every one of its more than 15,000 network sites under high-speed 3G or 4G coverage.
- GP's network caters to 36 million data subscribers out of which more than seven million are 4G data subscribers. The achievement is a significant step towards the realization of the government's ambition of Digital Bangladesh and meets the right of citizens to connect to the world through high-speed internet.
- Speaking about this development, GP CEO said Grameenphone has always emphasized its network coverage and quality and this milestone makes it possible for all our existing and new customers to benefit from our high-speed internet access.

<https://www.dhakatribune.com/business/2019/03/16/gp-announces-100-mobile-broadband-data-network-coverage>
<http://www.newagebd.net/article/67377/gp-says-its-entire-network-under-3g-or-4g-coverage>

BTRC decides to punish Banglalink for misappropriating clients' SIM numbers

- Bangladesh Telecommunication Regulatory Commission has decided to impose administrative fine on mobile phone operator Banglalink for misappropriating clients' SIM numbers by the company's sales agents. The commission also found that Banglalink was reluctant to maintain properly the customers' registration database that prompted the telecom regulator to take the move. The commission would also ask Banglalink to terminate 12 sales agents of the telecom operator due to their involvement in the offense. The operator would also be asked to take legal action against the individuals.

<http://www.newagebd.net/article/67671/btrc-decides-to-punish-banglalink-for-misappropriating-clients-sim-numbers>

Production capacity of Bashundhara Paper increases to 143,000 MT annually

- The Production capacity of Bashundhara Paper Mills limited (BPML) has increased to 1, 43,050 metric tons annually. The product line of BPML is comprised of mainly tissues and paper products. Recently, Bashundhara Paper Mills added a new tissue unit to its Narayanganj plant to meet rising demand for its products in local and international markets.
- Austria-based Andritz provided technical support for the new unit. Andritz is a globally renowned technology and service partner for the production of various types of papers and tissues.
- The Company says they have utilized 100% of its initial public offering (IPO) funds and successfully implemented the set-up of tissue machines. The machines will increase the capacity of different grades of tissues by 30,000 MT yearly, and add diversity to their product portfolio.

<https://www.dhakatribune.com/business/2019/03/16/production-capacity-of-bashundhara-paper-increases-to-143-000-mt-annually>

Subscription of Coppertech to open March 31

- The initial public offering (IPO) subscription of Coppertech Industries is set to begin on March 31, aiming to raise BDT 200 million from the capital market under the fixed price method. The subscription for shares of the Coppertech Industries by the eligible investors through electronic subscription system will be continued until April 09.
- The public subscription of Silco Pharmaceuticals, which started on March 07, will be ended tomorrow (Tuesday). The company will raise BDT 300 million from the public.

<http://today.thefinancialexpress.com.bd/stock-corporate/subscription-of-coppertech-to-open-march-31-1552838867>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.32	-0.20	-0.34%
Crude Oil (Brent)*	\$67.03	-0.13	-0.19%
Gold Spot*	\$1,298.80	-3.60	-0.28%
DSEX	5655.82	2.61	0.05%
Dow Jones Industrial Average	25,848.87	+138.93	+0.54%
FTSE 100	7,228.28	+42.85	+0.60%
Nikkei 225	21,578.89	+128.04	+0.60%

Exchange Rates

USD 1 = BDT 83.95*

GBP 1 = BDT 111.58*

EUR 1 = BDT 95.16*

INR 1 = BDT 1.22*

**Currencies and Commodities are taken from Bloomberg.*

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