

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.

Important News Snippets

Exports make strong rebound, posted 15.1% growth in FY21

- The country's merchandise exports grew by 15.1% to USD 38.8 billion in the just concluded fiscal year of 2020-21, riding on the readymade garment (RMG), jute and agricultural products, amid the pandemic. The overall export earnings, however, fell short of USD 41.0 billion target by 5.5% set for FY21. Bangladesh fetched USD 33.7 billion in FY 2019-20.
- Out of the total USD 38.8 billion export income in FY 21, the RMG sector fetched USD 31.5 billion, recording a 12.6% growth. In the last fiscal, the sector's earnings, however, failed to achieve the target by 6.89%. Earnings from pharmaceutical exports stood at USD 169.0 million, marking a 24.5% growth.
- The earnings in June 2021 grew by 31.8% to USD 3.6 billion compared to that of the corresponding month of 2020. The June earnings also fell short of the target by 2.5%.

<https://today.thefinancialexpress.com.bd/first-page/exports-post-151pc-growth-1625508104>
<https://www.tbsnews.net/economy/bangladesh-export-market-path-recovery-clocking-3875-billion-fy21-270544>
<https://www.thedailystar.net/business/economy/stock/news/exports-make-strong-rebound-2124857>
<https://www.newagebd.net/article/142921/exports-grow-by-15pc-in-fy21>
<https://www.dhakatribune.com/business/2021/07/05/exports-on-way-to-rebound-backed-by-rmq-recovery>

Remittance hits record high of USD 24.8 billion in FY '21

- The inflow of remittances grew by 36.1% to a record high of USD 24.8 billion in the just-concluded fiscal year (FY) despite the ongoing Covid-19 pandemic. The money sent home by Bangladeshis working abroad amounted to USD 1.94 billion in June 2021, down by USD 230.2 million from the previous month. In May last, the remittances stood at USD 2.2 billion. It was USD 1.8 billion in June 2020.
- Under the latest relaxations, the Bangladeshi expatriates can get 2.0% incentives without showing any paper for incentives on remittance up to USD 5,000 or BDT 500,000. Earlier, the ceiling was BDT 150,000. Currently, 29 exchange houses are operating across the globe, setting up 1,452 drawing arrangements abroad, to expedite the remittance inflow, according to the central banker.

<https://today.thefinancialexpress.com.bd/last-page/remittance-hits-record-high-of-2478-billion-in-fy-21-1625508471>
<https://www.tbsnews.net/economy/remittance-inflow-hits-record-high-fy21-270721>
<https://www.thedailystar.net/business/economy/stock/news/remittance-surges-sharpest-pace-three-decades-2124861>
<https://www.newagebd.net/article/142922/fy21-remittance-hits-record-high>
<https://www.dhakatribune.com/business/economy/2021/07/05/remittance-inflows-hit-record-24-77bon-in-fy21>

July-May NSC sales 3.4 times higher year-on-year

- The net sales of national savings certificates rose by 3.4 times or BDT 263.7 billion year-on-year in July-May of the just concluded fiscal year 2020-2021 as savers rushed to purchase NSCs amid a sharp decline in deposit rates in banks.
- In July-May period of FY21, the net sales of NSCs reached BDT 373.9 billion against the sales of BDT 110.1 billion in the same period of the fiscal year 2019-2020.
- The sales in the first eleven months of FY21 was BDT 173.9 billion higher than the government initial budgetary projection and BDT 70.8 billion higher than the government's revised budgetary target. For FY21, the government's initial target was to borrow BDT 200.0 billion against NSCs. The target was later revised at BDT 303.0 billion.
- In July-May, the National Savings Directorate sold NSCs worth BDT 995.6 billion against its principal payments of BDT 621.7 billion. In May, the NSD sold NSCs worth BDT 76.8 billion against its principal payments of BDT 50.2 billion. With the sales and principal payments, the net NSC sales stood at BDT 26.6 billion in May 2021.

<https://www.newagebd.net/article/142919/july-may-nsc-sales-34-times-higher-year-on-year>

NBFI borrowers now get easy repayment scope till August

- The Bangladesh Bank issued a circular asking all the NBFIs not to downgrade any loans if the borrowers repay only 50.0% of their June quarter-end overdue amount within August 31. After payment of 50.0% of the overdue amount, the borrowers will have to adjust the remaining 50.0% within the next instalment.

- The BB also barred the NBFIs from slapping any fines or late payment fees from the borrowers for such payments. The central bank gave the same kind of facility to borrowers of banks on June 27 but the condition imposed was easier for the bank borrowers. The central bank allowed the bank borrowers to avoid defaulting on their loans with 20.0% payment of the June quarter-end overdue amount within August 31.

- On April 20, the BB issued another circular that facilitated the borrowers of NBFIs to pay their March quarter-end overdue amount by June without facing a down gradation of loans. A central bank circular issued in this regard on the day asked all scheduled banks not to downgrade any loans if the borrowers repay only 20.0% of their June quarter-end overdue amount within August 31.

<https://www.newagebd.net/article/142917/nbfi-borrowers-now-get-easy-repayment-scope-till-august>
<https://www.thedailystar.net/business/economy/banks/news/bb-relaxes-classification-rules-2124849>

Bangladesh Petroleum Corporation (BPC) counts loss as global prices soar

- The Bangladesh Petroleum Corporation (BPC) has started counting losses after five years following higher fuel oil prices globally amid the acute coronavirus crisis. It now incurs a loss of an estimated BDT 80 million a day in oil trading, according to sources. To reduce losses, energy ministry increased the price of furnace oil by BDT 11 per litre, or 26.19%, to BDT 53 per litre with effect from July 04.

- Presently, the state-run petroleum corporation incurs a loss of around BDT 6.0 per litre in diesel trading. Despite furnace oil price hike, it suffered a loss of around BDT 1.0-1.5 per litre as on July 04. Every day, the BPC sells 12,000 to 15,000 tonnes of diesel in domestic market after imports. It also imports nominal quantity of furnace oil and octane to meet the local demand. Diesel, the key petroleum product that is mostly imported from abroad, now retails is BDT 65 per litre. The BPC is at a break-even position in octane trading.

- Officials said the BPC had racked up hefty profits riding on the sharp fall in oil prices globally over the past six years since 2015. It, however, incurred huge losses until late 2014 when the oil price was higher. The price of kerosene at retail level is BDT 65 per litre while octane and petrol prices are at BDT 89 and BDT 86 per litre respectively. The BPC meets most of its furnace oil demand from the Eastern Refinery Ltd that produces around 350,000 tonnes of oil annually after refining crude oil. Most of the country's octane and entire petrol and kerosene demands are met from the plant's output.

<https://today.thefinancialexpress.com.bd/last-page/bpc-counts-loss-as-global-prices-soar-1625508592>

Baraka Patenga Power investors get minimum 54 IPO shares

- A general investor will get minimum 54 initial public offering (IPO) shares of Baraka Patenga Power against application of BDT 10,000. The Dhaka Stock Exchange (DSE) on Monday formally allocated the IPO shares of Baraka Patenga Power, under the newly introduced pro-rata basis. The IPO shares distribution on pro-rata basis allows every applicant to get shares.

- Of the general investors, who have applied for BDT 10,000 will get a minimum of 54 IPO shares. Those who applied for BDT 20,000 will get 108 shares, those who applied for BDT 30,000 will get 162 shares, those who applied for BDT 40,000 will get 217 shares and those who applied for BDT 50,000 will get 272 shares. Besides, affected investors will get a minimum of 97 shares and non-residential Bangladeshis (NRBs) will get a minimum 128 shares of the company.

- Earlier the company completed electronic bidding and explored its cut-off price of shares - a requirement for going public under the book building method. The cut-off price of shares of company was fixed at BDT 32 each. But the general investors got its IPO shares at BDT 29.0 each, a 10% discount on the cut-off price, as per the book-building method. Baraka Patenga Power issued a total of 73,770,488 ordinary shares for raising BDT 2.25 billion from the stock market under the book-building method.

- Of the IPO proceeds, more than BDT 1.44 billion will be invested in two of its subsidiaries--Karnaphuli Power and Shikalbaha Power, partial repay long-term bank loans and bear the expenses of the IPO process.

<https://today.thefinancialexpress.com.bd/stock-corporate/baraka-patenga-power-investors-get-minimum-54-ipo-shares-1625502220>
<https://www.tbsnews.net/economy/stocks/baraka-patenga-investors-get-minimum-54-primary-shares-270688>

Japanese firm in talks to take over Emerald Oil

- Minori Bangladesh Limited, a subsidiary of Japanese farming company Minori Co Limited, is in talks to inject BDT 500.0 million to help Emerald Oil turn around. The Japanese firm has nominated its local representative Sidratul Mahabub Hasan in the Emerald Oil board and may get more seats there if their investment plan succeeds, said the independent director seeking anonymity.

- The founder of Emerald Oil fled the country a few years back as he faced a corruption trial due to his scam in taking bank loans from BASIC Bank. Since then, the company has been left inoperative and deepened the pains of its shareholders as they suffered

stock price drop and got no dividends for four years.

- Emerald Oil, incorporated in 2008, began production of its Spondon-branded rice bran oil in 2011 and entered the bourses in 2014. But, in a few years, it melted down both in its business and in the stock market as soon as the founder's loan scams unfolded.

<https://www.tbsnews.net/economy/corporates/japanese-firm-talks-take-over-emerald-oil-270367>

Westin Dhaka sees sharp fall in revenue in pandemic

- The Unique Hotel and Resorts Limited (UHRL), owner of The Westin Dhaka and a three-star hotel named Hansa, does not see any sign of riding out the Covid-19 pandemic rampage anytime soon, with its revenue continuing to dwindle because of poor guest occupancy. In this situation, Md Noor Ali, managing director of the UHRL, recently wrote to the National Board of Revenue (NBR) chairman, seeking an exemption from corporate taxes and VAT for the next five years.
- From July to March in FY21, the hospitality company, which is listed on the capital market, registered a 67% decline in revenue to a little over BDT 500 million in contrast to BDT 1.6 billion in FY20. The company's total revenue stood at around BDT 2.2 billion in FY19, the pre-pandemic year.
- Since the inception of the company in Bangladesh in 2007, it has paid over BDT 5.0 billion in taxes to the government. Of the amount, BDT 3.4 billion was paid from FY07 to FY17, BDT 570 million in FY18, BDT 560 million in FY19, BDT 380.0 million in FY2020 and BDT 99.0 million till March in FY21.
- According to the president of the Bangladesh International Hotel Association, Five-star hotels are now running with 10% to 12% occupancy. But it requires 40.0% to 45.0% occupancy to reach the break-even point

<https://www.tbsnews.net/economy/corporates/westin-dhaka-sees-sharp-fall-revenue-pandemic-270379>

Japan Tobacco's huge FDI cannot find footing in Bangladesh

- Japan Tobacco International came to Bangladesh with the highest-ever investment in the country's history, but it failed to fare well because of what its officials claim was the dominance and anti-competitive activities of British American Tobacco Bangladesh (DSE: BATBC). They have also blamed the government's tax policy.
- The other tobacco companies say Japan Tobacco's allegations are not true – it failed to understand the Bangladesh market and could not maintain a smooth supply chain when Covid-19 broke out last year.
- Japan Tobacco launched in the Bangladesh market with a BDT 124.0 billion investment after acquiring Akij Group's Dhaka Tobacco in 2018. Its market share was 19.8% at the time, which has now come down to 12.6%.
- The Japan-based multinational company recently wrote to the Bangladesh Competition Commission, expressing concern about its survival. It claimed to have faced unequal competition from British American Tobacco. Early this year, the Japanese ambassador to Bangladesh wrote to Finance Minister raising similar allegations.
- Japan Tobacco has operations in 130 countries and employs about 60,000 people. It markets Winston, Camel, Mevius and LD cigarettes, which are well-known brands in different countries. Like the British American Tobacco, Japan Tobacco also markets e-cigarettes. The Japanese government has a 33.35% stake in Japan Tobacco International. Japan Tobacco currently sells cigarettes of several brands, including LD, Navy, Sheikh, K2, and Real.

<https://www.tbsnews.net/economy/japan-tobaccos-huge-fdi-cant-find-footing-bangladesh-270754>

Tiles company sued for evading VAT worth BDT 390.0 million

- A VAT intelligence team has detected VAT evasion worth BDT 390.0 million by a tiles company named Mohammad Trading in the city. The company used to purchase tiles and other sanitary items from RAK Ceramics (Bangladesh) Limited and Star Ceramics Ltd and supply those in the local market.
- According to the investigation report, the company has paid VAT on its commission worth BDT 10.0 million against BDT 280 million payable on supply of tiles. It has also evaded VAT worth BDT 2.0 million on space rent, concealed information on financial transactions and got involved with irregularities.
- Earlier, the VAT wing also filed another case against the company for evading VAT worth BDT 1.24 billion which is under the judicial process.

<https://today.thefinancialexpress.com.bd/last-page/tiles-co-sued-for-evading-vat-worth-BDT -390m-1625508687>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 76.63	USD 28.11	57.93%
Crude Oil (Brent)*	USD 77.47	USD 25.67	49.56%
Gold Spot*	USD 1,792.47	(USD 102.63)	-5.42%
DSEX	6,219.94	817.87	15.14%
S&P 500	4,352.34	596.27	15.87%
FTSE 100	7,164.91	704.39	10.90%
BSE SENSEX	52,880.00	5,128.67	10.74%
KSE-100	47,429.12	3,673.74	8.40%
CSEALL	7,794.21	1,019.99	15.06%

Exchange Rates

USD 1 = BDT 84.68*
 GBP 1 = BDT 117.35*
 EUR 1 = BDT 100.45*
 INR 1 = BDT 1.14*

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

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