

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.

Budgetary grants raised to BDT 126.8 billion to fight pandemic

- The budgetary grants rose more than four times to BDT 126.8 billion in the next fiscal year on the back of a large block allocation to meet urgent health and social protection expenses. The grants were BDT 29.8 billion in the revised budget and BDT 23.2 billion in the original budget in the current fiscal year. Finance Minister has set aside BDT 100.0 billion for a fund to be used to mitigate the impacts of the deadly virus, which has so far infected 119,198 people in Bangladesh and killed 1,545.
- The fund would be used to buy equipment for the health sector, recruit doctors, nurses and other healthcare professionals, said an official of the finance ministry. If needed, the government may go for another round of direct cash transfer to the people who have been rendered jobless since the onset of the pandemic, he said. It may be used for expanding food support.
- The government has already allocated BDT 2,500 to each of 5.0 million families whose bread-earners have lost jobs owing to the coronavirus-induced shutdown. For FY21, the government has allocated BDT 1.0 billion in grants for the Integrated Health-Science Research and Development Fund, BDT 1.0 billion for recurring micro-credit under the rural social welfare programme and BDT 7.0 billion for compensation against the coronavirus-related health risks.

<https://www.thedailystar.net/business/news/budgetary-grants-raised-tk-12680cr-fight-pandemic-1919605>

National Board of Revenue (NBR)'s tax receipt moves on the skids

- The government's revenue collection in the current fiscal year is likely to contract for the first time since the country's independence in 1971. The slump in tax collection as the fallout of the coronavirus pandemic may result in lower taxation to GDP or gross domestic product ratio. Until May of the 2020 fiscal, receipt by the [National Board of Revenue](#) or NBR shrank 2.4% from the same period a year earlier, according to provisional data.
- In the 11 months to May, the NBR collected BDT 1.9 trillion tax revenue against its target of BDT 2.7 trillion. Last year, the board collected BDT 1.9 trillion during this period. April-June is deemed the peak period for revenue collection when the tax authority collects the bulk. In the first 11 months to May, the revenue shortfall reached BDT 762.5 billion against the revised target. During July-April, the amount was slightly lower than BDT 620 billion. Though the revenue collection posted a mere growth of 0.64% until April, May- closed in the red.
- The government has set BDT 3.3 trillion target for NBR in the upcoming fiscal. The original target for the NBR was BDT 3.3 trillion for FY 2019-20, which has been revised to BDT 3.0 trillion. NBR Chairman projected a maximum tax collection of BDT 2.2 trillion, down from BDT 2.3 trillion the year before. With the revenue collection growth averaging 14.0% in the last five years, he projected BDT 2.5 trillion tax collection in FY 21.

<https://today.thefinancialexpress.com.bd/first-page/nbrs-tax-receipt-move-on-the-skids-1592935018>

Hong Kong and Shanghai Banking Corporation (HSBC) structures Bangladesh's first-ever sustainability linked loan for Square Group

- HSBC in Bangladesh has arranged the country's first ever Sustainability Linked Loan for Square Group. The total facility of USD 118.0 million (approximately BDT 10.0 billion) worth of sustainable finance has been structured to align Square Group business to better long-term renewable energy usage.
- Sustainability linked loans aim to improve the borrower's sustainability profile by aligning loan terms to the borrower's performance against pre-determined Sustainability Performance Target (SPT) benchmarks. For example, the interest rate under the relevant loan agreement may be reduced where the borrower satisfies a pre-determined SPT threshold or vice versa. By linking the loan terms to the borrower's sustainability performance, borrowers are economically incentivised to make improvements to their sustainability profile over the term of the loan.
- Square Group is one of the pioneer signatories of the United Nations Global Compact (UNGC), which encourages businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation. This particular proposition will reward the Group for improving their sustainability profile by aligning credit terms to a set of agreed sustainability performance metrics.

<https://today.thefinancialexpress.com.bd/stock-corporate/hsbc-structures-bds-first-ever-sustainability-linked-loan-for-square-group-1592930338>

<https://tbsnews.net/economy/banking/hsbc-arranges-118m-square-group-under-sustainable-finance-97204>

<https://www.thedailystar.net/business/news/hsbc-lends-square-tk-1000cr-bangladeshs-first-sustainability-linked-loan-1919613>

Foreign e-commerce entities now can invest alone

- The government on Tuesday approved the foreign e-commerce entities for sole investment in Bangladesh, dropping the previous condition of a joint venture with local companies. This enables the global e-commerce giants such as Alibaba or Amazon to invest and own a 100.0% stake. The Ministry of Commerce said the decision came in the wake of growing importance of online shopping amid the coronavirus pandemic.
- According to National Digital Commerce Policy-2018, the foreign e-commerce entities were not allowed to invest and run businesses on their own. The investors had to team up with local players for a joint venture, where a foreign investor had a 49.0% stake and a local company would own the remaining 51.0%.
- Commerce ministry officials said the sector has been showing 100.0% growth for last three years. Around 7,500 entities are doing online business currently while Alibaba has entered the Bangladeshi market as it bought Daraz, a popular e-commerce platform. Amazon is also showing interest in the Bangladeshi market as the local sector has BDT 7.0 billion monthly and more than BDT 8.0 billion annual turnover. According to Statista, the size of the local e-commerce market was USD 1,648 million in 2019. It expanded to USD 2,077 million in 2020, and the predicted size will reach USD 3,077 million in 2023.

<https://tbsnews.net/economy/industry/foreign-e-commerce-entities-now-can-invest-alone-97231>

Credit cards use depressing as pandemic rules the roost

- A good number of nations have cancelled international flights partially or entirely since February in order to tackle the spread of the novel coronavirus. Consumers paid around USD 35 billion for flights across the globe just before the coronavirus-induced pandemic. But they were unable to fly due to the lockdowns, according to the International Air Transport Association. Clients used credit cards to pay more than 50% of the bills for the flights, creating a difficult situation for the airlines company to refund the money as well.
- A large number of mid-level officials at corporate entities who account for the major portion of credit card-holders in Bangladesh have either lost jobs or faced a salary cut because of the collapse of incomes of their employers. In addition, many of them, who are still on the payroll, are worried about their future as the meltdown lingers and cases of infections from the deadly virus rise. According to a senior central bank official, the situation has forced them to cut back on spending. As a result, the use of credit cards has decreased to at least 40-50%.

<https://www.thedailystar.net/business/news/credit-cards-use-depressing-pandemic-rules-the-roost-1919621>

Japan International Cooperation Agency (JICA) to provide BDT 790.0 million medical equipment to Bangladesh

- The Japan International Cooperation Agency (JICA) will provide medical equipment worth one billion Yen or BDT 790.0 million to Bangladesh to assist it in fighting the Covid-19 pandemic. The Japanese grant will not come in the form of any project assistance but the country will provide it directly, said officials of the Economic Relations Division and the Health Services Division.
- Health Services Division officials said Bangladesh wants five Polymerase Chain Reaction (PCR) machines to ramp up testing facilities for Covid-19, and other safety equipment to stem the spread of coronavirus. An equipment list was sent to JICA in March this year. On that list, Bangladesh sought 500,000 Personal Protective Equipment, 5,000 infrared thermometers, 1.0 million sterile examination gloves and 0.3 million units of safety goggles.

<https://tbsnews.net/economy/foreign-aid/jica-provide-tk79cr-medical-equipment-bangladesh-97273>

Bangladesh Bank sets limit on income transferred to foreign currency (FC) accounts by foreigners

- The Bangladesh Bank has set a limit on the percentage of income that foreign employees can transfer to their foreign currency (FC) accounts so that authorised dealer banks can monitor the amount being sent abroad. In a circular issued on Tuesday, the central bank said from now on, foreign nationals can transfer 75% of their monthly incomes to their FC accounts. The amount can be remitted in its entirety to the home countries of the foreigners.
- Earlier, foreign employees were allowed to transfer 100.0% of their monthly incomes to FC accounts but could only remit up to 75.0% of that amount. Authorised dealer banks said that it was difficult for them to monitor if foreign nationals were actually sending money within the limit or exceeding it, an official of the central bank told The Business Standard. So, the Bangladesh Bank instructed the authorised dealer banks to allow foreign nationals to transfer a maximum of 75.0% of their monthly incomes to their FC accounts, the official added.
- Authorised dealer banks may, out of the balances held in these accounts, allow debit or prepaid cards to be used for permissible transactions of FC account holders, including travel-related expenses, the circular reads. Encashment of

the money held in FC accounts shall be treated as inward remittances for bonafide local disbursements, including purchasing air tickets locally, as per the rules of foreign exchange transaction guidelines.

<https://tbsnews.net/economy/banking/bangladesh-bank-sets-limit-income-transferred-fc-accounts-foreigners-97189>

Country's first perpetual bonds get Bangladesh Securities and Exchange Commission (BSEC) nod

■ Both City Bank and Jamuna Bank got the greenlight from the Bangladesh Securities and Exchange Commission (BSEC) to begin issuing perpetual bonds of BDT 4.0 billion each to strengthen their additional tier-1 capital base. A perpetual bond is a fixed income security with no maturity date and is often considered as a type of equity rather than debt. These types of bonds are not redeemable but instead provide a never-ending stream of interest payments. Having been granted approval during a meeting at the BSEC office yesterday, these are the first perpetual bonds in Bangladesh's history.

■ The perpetual bonds will be unsecured and feature a floating rate while the coupon rate is 11-14%. City Bank Capital is the arranger of the bonds in Bangladesh. Previously, the market was dominated by tier-2 bonds. City Bank Capital was the company to initiate the process to bring this Basel-3 compliant new financial instrument to the market. The fund will be raised from listed banks, insurance companies, regional rural banks, private organisations, trust funds and eligible investors through private placement. The price per unit of each bond is BDT 1.0 million.

<https://www.thedailystar.net/business/news/countrys-first-perpetual-bonds-get-bsec-nod-1919597>

<https://today.thefinancialexpress.com.bd/stock-corporate/walton-hi-tech-allowed-to-raise-capital-from-public-1592930388>

Walton Hi-Tech allowed to raise capital from public

■ The securities regulator has allowed Walton Hi-Tech Industries to raise capital from public floating IPO (initial public offering) under the book building method. The approval to the company's IPO proposal came Tuesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC).

■ As per the BSEC's approval, Walton Hi-Tech Industries will issue above 1.54 million shares through IPO at an offer price BDT 252.0 each with 20.0% discount on cut-off price. The cut-off price was fixed at BDT 315.0 each. Under the book building method, general investors get IPO shares at 10.0% discount on the cut-off price.

■ The company will raise BDT 1.0 billion under book building method to expand business and repay bank loans. Before getting the IPO approval, the company issued stipulated amount of shares to eligible investors at the prices they quoted at the bidding.

<https://today.thefinancialexpress.com.bd/stock-corporate/walton-hi-tech-allowed-to-raise-capital-from-public-1592930388>

Bangladesh Securities and Exchange Commission (BSEC) prescribes 5-year tax holiday for foreign firms relocating to Bangladesh

■ The Bangladesh Securities and Exchange Commission (BSEC) has written to the National Board of Revenue (NBR) to give a five-year tax holiday facility to reputed foreign companies if they relocate to Bangladesh and get listed on local bourses. It said a trend is apparent that many industries and investments are relocating from various countries, predominantly China and Hong Kong, to other countries because of various global issues.

■ Bangladesh can take the opportunity, and the BSEC is requesting granting the companies a five-year tax holiday if they come here with prior approval from the commission and get listed on the local stock exchanges. Besides, if any of those companies sets up its factory in an export processing zone or special economic zone here, the tax holiday should surpass the existing benefits offered, suggested the capital market regulator, citing that it would help create employment and benefit many local institutions including the capital market.

■ The BSEC is tracking some global giants in industries like construction and agriculture that are relocating business from other countries. They operate in industries which are beyond the traditional recipient sectors of foreign direct investments in the special economic zones here.

■ In the proposed budget, the government has announced reducing corporate tax by 2.5 percentage points for non-listed companies only, which drew criticism from market groups as that would narrow corporate tax rate gap between listed and non-listed companies instead of widening the difference as suggested for encouraging listing of profitable businesses. The BSEC requested the NBR to reduce listed companies' corporate tax too by the same 2.5 percentage points.

<https://tbsnews.net/economy/bsec-prescribes-5-year-tax-holiday-foreign-firms-relocating-bangladesh-97195>

Bangladesh Securities and Exchange Commission (BSEC) fines MI Cement, Intech directors for rule breach

- The Bangladesh Securities and Exchange Commission on Tuesday fined directors of Intech Limited BDT 2.5 million each and directors of MI Cement Factory BDT 1.0 million each for the violation of securities rules. It also fined IPO seeking company Al Faruque Bags, its issue managers and auditor for breaching public issue rules.
- The watchdog slapped fine on the directors other than independent and nominated ones of Mi Cement as the company provided BDT 704 million to its associate companies without charging any interest and hid the information in the financial statement. The cement manufacturer also did not take its shareholders' approval in this regard in the annual general meeting. The company showed the amount under the title 'Current Account with Sister Concern' in the unaudited third quarter financial statement ending on September 30, 2018. In fact, the company provided loans to its associate companies without charging any interest, the BSEC found. It also found in the audited financial statements in the previous years that the company provided loans to its associate companies without charging interest.
- The commission at the meeting also fined the directors other than independent ones of Intech Limited as the company breached a number of securities rules. The company did not provide price sensitive information about the launching of resort projects and fisheries business, and about investments in various sectors and also about return of the investments. The company was also found non-compliant with rules related to the minimum shareholding by the company's board of directors.

<https://www.newagebd.net/article/109240/bsec-fines-mi-cement-intech-directors-for-rule-breach>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	USD 40.10	(USD 21.53)	-34.93%
Crude Oil (Brent)*	USD 42.41	(USD 26.03)	-38.03%
Gold Spot*	1,770.17	USD 248.70	16.35%
DSEX	3,963.35	-489.58	-10.99%
S&P 500	3,131.29	-99.49	-3.08%
FTSE 100	6,320.12	-1266.93	-16.70%
BSE SENSEX	34,911.32	-6730.82	-16.16%
KSE-100	33,737.92	-6997.16	-17.18%
CSEALL	5,046.50	-1082.71	-17.66%

Exchange Rates

USD 1 = BDT 84.81*
GBP 1 = BDT 106.24*
EUR 1 = BDT 96.04*
INR 1 = BDT 1.12*

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

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