

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.

Tax receipt posts negative growth

■ Tax collection fell into negative territory in the just-concluded fiscal year due to, what officials described, economic disruptions caused by the Covid-19 pandemic. Tax receipt by the National Board of Revenue or NBR shrank by 3.8% in FY 2019-20, according to the provisional data. The revenue board collected BDT 2.2 trillion in taxes against the BDT 3.0 trillion in revised target for the financial year just gone by. The original tax collection target was BDT 3.3 trillion in FY 2019-20, which was slashed to BDT 3.0 trillion later.

■ The chairman of the NBR had earlier predicted the slide in tax collection following the month-wise trend. Of the three wings, the VAT wing collected a total of BDT 816.3 billion, followed by income tax BDT 730 billion and customs BDT 606 billion in the last fiscal. The NBR's target for next fiscal year has been set at BDT 3.3 trillion. In a letter to the finance ministry, the NBR chairman had hinted that taxmen would collect BDT 2.5 trillion in FY 2020-21 in line with the growth that has averaged 14.0% in the last five years.

■ The tax collection target for the current fiscal is 9.82% higher than that of the revised target of BDT 3.0 trillion for FY 2020. For the current fiscal, NBR's target for VAT collection has been set at BDT 1.3 trillion, followed by income tax at BDT 1.1 trillion and customs duty at BDT 956.5 billion. However, the target for income tax collection has been lowered by BDT 12.0 billion, for the first time, for the current fiscal, down from the revised goal of BDT 1.1 trillion.

<https://today.thefinancialexpress.com.bd/first-page/tax-receipt-posts-negative-growth-1594069397>

<https://tbsnews.net/economy/revenues-post-first-ever-negative-growth-102685>

<https://www.newagebd.net/article/110436/nbrs-fy20-revenue-receipts-post-negative-growth-for-1st-time-ever>

Inflation at seven-month high in June

■ The point-to-point inflation rate in June went up by 0.67 percentage points to 6.02%, a seven-month high, due to a significant jump in the urban consumer price index (CPI), official data showed on Monday. The inflation rate in the urban areas swelled by 1.20 percentage points to 6.03% last month (June) from that of 4.81% in May, the Bangladesh Bureau of Statistics (BBS) data showed. Meanwhile, the 12-month average inflation rate was also recorded higher to 6.5% in the last fiscal year (FY), 2019-20, following the significant jump at the year-end, the BBS data showed. The average inflation was higher than the government target of 5.50% for the last FY. In the previous FY, the average inflation was recorded at 5.48%.

■ According to the Bangladesh Bureau of Statistics (BBS), the food inflation on point-to-point basis jumped by 1.45 percentage points to 6.54% in June from that of 5.09% in May. Among the highly weighted products, the CPI of food, beverage and tobacco increased by 1.32% to 297.95 last month from that of 294.08. The BBS in its statistics showed that the average price of najirshail/miniket rice was BDT 65.50 per kg, pajjam/eqivalanet rice BDT 63.11 per kg, IRR/ boro rice BDT 48.55 per kg, and wheat price was BDT 40 in the markets of Dhaka city in June. The average rice prices were BDT 65, BDT 62.50 and BDT 48 per kg respectively, and the wheat price was BDT 40 per kg in May.

■ Meanwhile, the non-food inflation on point-to-point basis dropped to 5.22% in June from that of 5.75% in May, the BBS data showed. The FE analysis has found that CPI in non-food increased by 0.45% to 248.87 in June from that of 247.75 in May. Among the non-food items, prices of products like fuels, lightings and clothings increased last month compared to the previous month. The urban inflation ballooned to 6.03% in June from that of 4.81% in May, mainly due to a big jump of food CPI in cities. The food inflation in the city areas swelled by 2.78 percentage points to 6.72% last month from that of 3.94% in May. However, the non-food inflation fell to 5.27% in June from 5.79% in May.

<https://today.thefinancialexpress.com.bd/first-page/inflation-at-seven-month-high-in-june-1594069578>

<https://tbsnews.net/markets/rising-food-inflation-bites-consumers-102658>

<https://www.thedailystar.net/business/news/inflation-overshoots-target-last-fiscal-year-1926385>

Thirteen banks face BDT 259.0 billion capital shortfall

■ The capital base of the banks deteriorated further during the January-March period of the current year with the capital shortfall of thirteen banks, including seven state-owned banks, increasing by BDT 22.9 billion as the volume of defaulted loans continued to remain high. The banks faced a total BDT 259.0 billion in capital shortfall while the figure was BDT 236.1 billion at the end of December 2019. At the end of September last year, the volume of capital shortfall in the banking sector was BDT 176.6 billion. According to the Bangladesh Bank data, five state-owned commercial banks, two state-owned specialised banks, five private commercial banks and one foreign bank witnessed capital shortfall at the end of March 2020.

■ According to the Bangladesh Bank guidelines on risk-based capital adequacy, the banks have to maintain a minimum capital adequacy ratio (CAR) — which is a bank's capital reserve to cover its risk exposure — of 12.5% by

2019, in line with the BASEL III requirement. As of March this year, the banks' capital adequacy ratio (CAR), which determines the adequacy of the banks' capital in managing their risk exposures, stood at 11.35%, down from 11.65% three months earlier.

■ Among the private commercial banks, ICB Islami Bank's capital shortfall stood at BDT 16.1 billion, Bangladesh Commerce Bank's at BDT 9.4 billion, Padma Bank's at BDT 3.3 billion, Community Bank Bangladesh's at BDT 80.0 million, NRB Global Bank's at BDT 80.0 million while foreign-owned the National Bank of Pakistan has a shortfall of BDT 770 million. According to the data, the amount of NPLs in the banking sector stood at BDT 925.1 billion at the end of March this year, accounting for 9.03% of the total disbursed loans. The country's banks were maintaining the lowest CAR compared with neighbouring India, Pakistan and Sri Lanka.

<https://www.newagebd.net/article/110438/13-banks-face-BDT-25901-crore-capital-shortfall>
<https://www.dhakatribune.com/business/banks/2020/07/06/13-banks-face-BDT-25-904-cr-capital-shortfall>

A whopping 4.6 million mobile connections vanished amid pandemic

■ Mobile phone operators are struggling to retain their active subscribers despite offering lucrative packages, including free minutes, SMS and extra data, as the coronavirus-induced economic downturn has affected all sectors and curtailed people's income. Though the government has declared telecom as an essential service during the lockdown time, more than 46 lakh active users, or 2.77% of the total subscriber base, left the mobile networks in March-May, which the sector people term a rare phenomenon. The slump in numbers is mostly from the low-income group, who were living in the city but left for their village after their livelihoods were wiped off by the pandemic.

■ As of May, there are 161.5 million active connections of all four carriers, which was 166.1 million at the end of February, according to the latest report of the Bangladesh Telecommunication Regulatory Commission (BTRC) published this week. Industry insiders estimate that active connections might have gone down further to 160 million in June. In March, when coronavirus began to wreak havoc, the industry lost six lakh connections, and in April, when the countrywide lockdown was tightened, another 2.6 million numbers went off. In May, 1.4 million active users stopped taking service, according to the BTRC report.

■ Though the number of active SIMs has fallen, internet connections have increased both in mobile and broadband segments during the pandemic. At the beginning of March, active internet connections were a few thousand less than 100 million and at the end of May, the number crossed 102.1 million. All three private carriers have been impacted though the state-owned operator's number has remained almost the same, according to the BTRC data.

■ Grameenphone suffered a severe blow of losing 2.3 million of their active users between January and May; their subscriber base is now 74.3 million. Robi, the second-largest carrier, witnessed a negative impact on their customer base only in the last couple of months and had 48.0 million users at the end of May. The third carrier Banglalink has been stuck with about 35.0 million users for long. They have started March with 35.8 million active connections but after three months 1.5 million users left the network.

<https://www.thedailystar.net/business/telecom/news/whopping-46-lakh-mobile-connections-vanished-amid-pandemic-1926393>

IPO subscription of Walton begins August 9

■ Walton Hi-Tech Industries Ltd has announced the dates for the subscription of its initial public offering (IPO). Investors can submit their applications to buy the shares of the company between August 9 to August 16 in this year. The company received the letter of consent from the Bangladesh Securities and Exchange Commission (BSEC) on Monday in this regard. The issue manager officials of Walton said that they got the letter of the consent of IPO from the commission and the subscription will begin from August 9.

■ The cut-off price for the shares has been determined at BDT 315 through electronic bidding by the book building method. Qualified and institutional investors will buy 1.38 million shares of the company at the cut-off price. And the individual investors will be able to purchase 1.55 million shares at BDT 252 per share, after applying a 20% discount on the cut-off price. Earlier, the BSEC had allowed Walton to explore the cut-off price of its shares through the electronic bidding.

■ The company will raise the capital of BDT 1.0 billion through the IPO. It will use the proceeds to expand its businesses, repay bank loans and meet IPO costs. Walton has a paid-up capital of BDT 3.0 billion. In the 2018-19 accounting year, the company's total revenue stood at BDT 51.8 billion and net profit at BDT 13.8 billion. In the last financial year, the company's earnings per share were BDT 45.87. Additionally, the company's net asset value (NAV) per share, with the revaluation, was BDT 243.16. Without revaluation, NAV per share was BDT 138.53 in the last financial year. Founded in 1977, Walton Hi-Tech Industries began manufacturing refrigerators, freezers, air-conditioners and compressors in early 2008.

<https://tbsnews.net/economy/stock/ipo-subscription-walton-begins-august-9-102655>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change YTD |
|--------------------|--------------|--------------|--------------|
| Crude Oil (WTI)* | USD 40.44 | (USD 21.19) | -34.38% |
| Crude Oil (Brent)* | USD 42.89 | (USD 25.55) | -37.33% |
| Gold Spot* | USD 1,783.41 | USD 261.94 | 17.22% |
| DSEX | 3,994.65 | -458.28 | -10.29% |
| S&P 500 | 3,179.72 | -51.06 | -1.58% |
| FTSE 100 | 6,285.94 | -1301.11 | -17.15% |
| BSE SENSEX | 36,021.42 | -5620.72 | -13.50% |
| KSE-100 | 35,051.38 | -5683.7 | -13.95% |
| CSEALL | 5,050.90 | -1078.31 | -17.59% |

Exchange Rates

USD 1 = BDT 84.84*
 GBP 1 = BDT 106.00*
 EUR 1 = BDT 95.94*
 INR 1 = BDT 1.14*

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

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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

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142
 Gulshan Avenue, Dhaka – 1212
 Phone: + (880)-2-9852446-50
 Fax: + (880)-2-9852451-52
 E-Mail: research@bracepl.com

