

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.

Soaring NPL poses downside risk to growth momentum

- Rising non-performing loans (NPLs) and tight liquidity condition on the domestic front alongside external challenges are likely to pose downside risk to growth momentum, the central bank has said. The external challenges include global economic slowdown, uncertainties over a lingering US-China trade conflicts, tightening financial condition in the global market and a delayed Brexit deal. A good financial and fiscal policy measures would be required to maintain growth and price stability, the Bangladesh Bank (BB) said in its latest quarterly report for January-March.
- The indicators of the banking sector showed some concerns during the third quarter (Q3) of the fiscal year (FY) 2018-19, as reflected in the NPL, capital adequacy, provision shortfall position and liquidity conditions, according to the BB report. Overall NPL edged up during the period under review, driven mainly by the state-owned commercial banks (SoCBs) and private commercial banks (PCBs), the report noted. The central bank's views came against the backdrop of NPLs in the banking sector that surpassed the BDT 1.0 trillion-mark for the first time in March 2019.
- The volume of classified loans jumped by more than 18% to BDT 1,108.73 billion in Q1 of the year from BDT 939.11 billion in the preceding quarter, the BB data showed. Besides, the share of NPL also rose to 11.87% of the total outstanding loans in the January-March period of 2019 from 10.30% in the previous quarter. The classified loans cover substandard, doubtful and bad/loss of total outstanding credits, which stood at BDT 9,337.27 billion as on March 31. It was BDT 9,114.30 billion three months before.
- Economic activity maintained its momentum during the period under review in line with projected 8.1% GDP (gross domestic product) growth in FY 19, supported by both strong domestic and external demands. The report also said a pick-up in remittance inflows and acceleration in the government's mega project implementation helped boost domestic demand.

<http://today.thefinancialexpress.com.bd/public/first-page/soaring-npl-poses-downside-risk-to-growth-momentum-1562346915>

Deposits in school banking rise to BDT 15.46 billion

- School banking is gradually getting huge responses from the students across the country as deposits with the banking accounts increased to around BDT 15.46 billion at the end of March 2019, reports BSS. The central bank's latest quarterly report on financial inclusion shows that a total of Taka 15.46 billion was deposited with 19,54,231 school banking accounts at 55 scheduled banks on March 31 this year.
- According to the report, the school banking service is more popular in the cities than in the rural areas as 12,37,458 school banking accounts were opened in the cities against 7,16,773 accounts in the rural areas. The banking is also more popular among the male students than the female as 11,44,775 school banking accounts were opened by male students against 8,09,456 by female. Bangladesh Bank launched the programme in November 2010 for school students to help them save up for the future, learn financial literacy at an early age and build the habit of saving, A BB official said.

<http://today.thefinancialexpress.com.bd/public/trade-market/deposits-in-school-banking-rise-to-BDT-1546b-1562342474>

Yearly electricity generation costs may rise to BDT 18 billion

- Electricity generation costs in gas-fired power plants might increase annually to around BDT 17.75 billion due to the latest tariff hike in gas prices alone, if the current level of consumption continues. The country currently has a total of 132 power plants that supply electricity to the national grid for consumption by all types of clients, of which over half are gas-fired. According to Petrobangla, the gas-fired power plants consumed around 1.30 billion cubic feet per day (Bcf/d) of natural gas as on June 30, the day before the start of the fiscal year 2019-20.
- The new gas tariff became effective on July 01. Total Gas bill against electricity generation in the gas-fired power plants was BDT 97.52 million on June 30, according to state-run Bangladesh Power Development Board (BPDB). With the latest 40.82% gas tariff hike in power plants, the gas bill rose to BDT 137.32 million. According to Bangladesh Energy Regulatory Commission (BERC) statistics, total electricity generation expenditure, including fuel costs, for gas-fired power plants last year was around BDT 140 billion.
- Despite the rise in electricity generation costs, it would not require hiking power tariff, a senior official of the power division under the Ministry of Power, Energy and Mineral Resources said. He said some dual fuel power plants, which were running on costlier diesel, would run on natural gas. This would help bring down the costs. Besides, the

government would not extend the tenure of the expensive oil-fired power plants further to reduce the costs, he said. BERC chairman echoed the same, saying the Commission might not need to increase power tariffs if the BPDB operates gas-and diesel-run power plants in sync.

- Power tariff was raised several times after that with the last hike in November 2017, he said. Member secretary of the National Committee to Protect Oil, Gas, Mineral Resources, Power and Ports questioned the domestic gas tariff hike at a time when gas price in the international market is on the decline. On June 30, the BERC announced the biggest ever hike in domestic gas prices by an average 32.8% with effect from the day one of the new fiscal year.

<http://today.thefinancialexpress.com.bd/public/first-page/yearly-electricity-generation-costs-may-rise-to-BDT-18b-1562261941>

Tax collection faces headwinds in FY'19

- Tax collection faced a BDT 600 billion shortfall in the just-concluded fiscal year (FY) against the revised target, lowest in five years. The National Board of Revenue (NBR) mobilised BDT 2.22 trillion tax revenue in FY 2018-19 against its revised target for BDT 2.80 trillion, according to provisional figure. The original target of the board was BDT 2.96 trillion for the fiscal year that has just gone by. In the provisional estimate, the revenue collection growth stood at 7.76% over the corresponding year.

- However, officials said that the revenue collection growth could stand at 9.0% after compilation of final figure from the field-level VAT offices. A senior official of the NBR said that the revenue collection figure will increase further by end of this month. He said that VAT offices usually receive revenue after middle of the month from businesses. In FY 2018-19, the VAT wing collected the highest revenue worth BDT 856 billion, which is 40% of the combined collection. The income tax wing collected the second-highest amount of BDT 723 billion while the customs wing BDT 644 billion.

- Officials said that a large-scale tax exemptions and slower import of revenue generating products are responsible for sluggish growth in revenue collection. The executive director of the Policy Research Institute (PRI) said that import payment dropped to 3.0% last year, which was 25% the year before. The lack of reform in the tax administration is mainly responsible for poor revenue collection growth. It may go down further in the current fiscal year unless the government takes proper initiative, he added.

- For FY 2019-20, the government set BDT 3.25 trillion target for the NBR. To achieve the target, the NBR will have to achieve 46.39% growth in revenue collection this year.

<http://today.thefinancialexpress.com.bd/public/first-page/tax-collection-faces-headwinds-in-fy19-1562262105>
<https://www.thedailystar.net/business/news/revenue-collection-target-realistic-given-gdp-growth-1767607>

Bangladesh Telecommunication Regulatory Commission (BTRC) decides to cut bandwidth capacity of GP, Robi

- Bangladesh Telecommunication Regulatory Commission (BTRC) decided on Thursday to limit bandwidth capacity of Grameenphone and Robi, two leading telecom operators of the country, as they failed to pay dues to the government. As per the decision, 30% bandwidth capacity of Grameenphone and 15% of Robi would remain blocked until they pay their dues, the senior assistant director of BTRC, confirmed.

- BTRC will send a letter to International Internet Gateway (IIG) to implement its decision immediately after the authorities concerned receive the notice from the regulator. The senior assistant director of BTRC said that limiting bandwidth would hamper services provided by the company with an increase in call drops and slow internet speed. In separate statements, both the operators said they were 'surprised and disturbed' by the instructions. They also questioned the legality of such a move.

- In a statement, the head of External Communications of Corporate Communications of Grameenphone Ltd said, this instruction disregards our invitation to BTRC for a constructive arbitration process on the audit. He added that the decision to forcefully reduce bandwidth runs counter to supporting customer interests. This instruction seems to be designed to penalise our gateway partners and could have a negative impact on millions of Bangladeshi data users.

- In another statement, the chief of corporate and regulatory affairs of Robi, said they were deeply disturbed by this draconian step from a regulator. Robi is confident that it can ensure quality service even with limited bandwidth, he added. Grameenphone has BDT 125.79 billion in arrears and Robi BDT 8.67 billion. Of the total amount, Grameenphone owes BDT 84.94 billion to Bangladesh Telecommunication Regulatory Commission (BTRC) and BDT 40.85 billion to National Board of Revenue (NBR).

<http://today.thefinancialexpress.com.bd/public/last-page/btrc-decides-to-cut-bandwidth-capacity-of-gp-robi-1562262495>
<https://www.dhakatribune.com/business/2019/07/04/btrc-curbs-internet-capacity-of-gp-robi-for-payment-failure>

No network access for unregistered handsets

- Telecom operators' network access will be barred for unregistered and stolen equipment like mobile handsets to prevent smuggling and protect local assemblers. According to a draft directive of Bangladesh Telecommunication Regulatory Commission (BTRC) on Thursday, the authorities will set up and maintain a national equipment identity register (NEIR). The NEIR will be brought under the directives styled 'Equipment identity register (EIR)' for mobile network operators (MNOs) in Bangladesh.
- Mobile phone importers and manufacturers have long been demanding setting up of an NEIR to control and regulate use of equipment on mobile phone networks. The EIR would be a database of all IMEI (international mobile equipment identity) numbers comprising types of lists (say black, white and grey) of mobile handsets. The MNOs will design, develop, build, install, operate and maintain their respective EIRs that will include all the features instructed by BTRC time to time. It is to be noted that all MNOs should develop their respective EIRs having a common design and architecture compatible with the NEIR to be determined by BTRC.
- They will later migrate all data to the NEIR and maintain real-time synchronisation. The white list will comprise IMEIs of devices that are permitted to use. The grey list consists of devices that do not conform to the standards but could be permitted to connect under supervision or triggering an alert. The black list will have IMEIs of devices reported stolen or lost or shifted from grey list after grace period is over and they are been denied network access. Currently, illegal imports are causing around BDT 10 billion losses to the government and eating away at sales of handsets imported by legal importers.
- The draft directives were made after the BTRC's decision in last December to introduce the NEIR. The commission asked individuals and entities associated with the telecoms industry and customers to deposit their comments by this July 18. The NEIR would preserve IMEIs to make it easier to extract information about legally imported or locally manufactured headsets.

<http://today.thefinancialexpress.com.bd/public/last-page/no-network-access-for-unregistered-handsets-1562262250>

Record gas price spike puts squeeze on Bangladesh garment makers

- Apparel makers such as Dhaka-based Ananta Group are powering Bangladesh's economic expansion, the fastest in Asia, but a record high gas price spike threatens to derail the industry's growth according to a report of the Nikkei Asian Review. In an attempt to cut losses from imported liquefied natural gas, the government raised gas prices by almost one-third on average, effective July 1, the start of fiscal year 2019-20 (FY '20), according to Nikkei Asian Review. The country subsidises gas and sells it at below production cost.
- With annual sales of more than USD 300 million, the 27-year-old Ananta employs 26,000 people and churns out bottoms, sweaters and men's suits for top Western high-street retailers such as H&M, Gap, Levi's, Marks & Spencer, Jack & Jones and Zara. The gas price hike will make it difficult for the company to sustain its growth, the company's managing director, said.
- With gas costs constituting around 1.5% of manufacturing expenditures in the apparel industry, a 38% hike in gas price means an almost one% increase in production costs, noted the President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). This may not sound much in terms of%, but for an industry struggling for every penny this will be another blow, she added. When challenges like erratic gas supply, pressure fluctuations and steep drops in product prices dissuade entrepreneurs from investing, this sudden price surge would cripple their financial plans, the BGMEA president said.
- The assumed supply of around 850 million cubic feet (MMcf) of re-gasified LNG a day to the national grid by 2020 prompted the authorities to implement the hike, the largest since 2015. The last hike took force in 2017. For industrial users like Ananta, prices have been raised by 38% and for captive power operators the rate is as high as 43.97%. Household consumers will see their prices rise by almost a quarter.

<http://today.thefinancialexpress.com.bd/trade-market/record-gas-price-spike-puts-squeeze-on-bangladesh-garment-makers-1562428224>

Cement price rises BDT 50 per bag

- The retail price of each 50-kg bag of cement has edged up 12%, or BDT 50, to BDT 460-470 -- a development that will push up construction costs, be it the government's mega projects or private buildings. Cement manufacturers attributed the price hike to the recent rise in gas price for industries and their captive power generation and tax measures imposed on import of raw materials used to produce the construction material. According to new tax measure, cement makers have to pay 5% advance income tax (AIT) to import raw materials and there is no scope to adjust the tax at the end of the year.
- Until last fiscal year, cement manufacturers paid 5% AIT for raw material imports and the tax was adjustable. In addition, there is another 5% advance tax (basically VAT), which cement makers will have to pay while importing raw

materials and other required ingredients. The new tax measures and gas price hike have caused a price rise of BDT 53 for a 50-kg bag, according to the Bangladesh Cement Manufacturers Association (BCMA).

- Some brands adjusted the price on July 1, the first day of the fiscal year, the president of BCMA said. Of the total price hike, BDT 42 is for tax and VAT measures and BDT 11 for gas price hike, according to BCMA's assessment. Despite the latest hike, the price of cement is still lower than five years ago, when it rose to BDT 500 a bag, said also the first vice-president of BCMA. The manufacturers did not have any intention to increase the price as the sector has been clocking 10 to 15% annual growth for the last 10 years. But the tax measures and the gas price hike have forced them to adjust the price.

- At present, 42 cement factories are active, with their combined installed manufacturing capacity standing at 550 million tonnes. The investment in the sector is about BDT 300.00 billion. The market size of the cement sector is BDT 130.00 billion and the annual demand is 350 billion tonnes. Of the consumption, individuals account for 25%, real estate and commercial developers 30% and the government 45%.

<http://today.thefinancialexpress.com.bd/trade-market/record-gas-price-spike-puts-squeeze-on-bangladesh-garment-makers-1562428224>

Envoy Textiles to issue 87 million preference shares

- The board of directors of Envoy Textiles has decided to issue 87 million preference shares at par through private placement to potential investors. Preference share is a share which entitles the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. The tenure of the preference shares will be five years with a face value of BDT 10 each at par for a total amount of BDT 870 million. Dividend will be paid semi-annually on arrear basis at a fixed rate, it said.

- The issuance of share is subject to the approval of Bangladesh Securities and Exchange Commission (BSEC), aimed at making capital investment in BMRE (Balancing, Modernisation, Rehabilitation and Expansion) and settling the existing high-cost debt, the disclosure added. Envoy Textiles, listed on the Dhaka Stock Exchange (DSE) in 2012, disbursed 10% cash and 2.0% stock dividends for the ended on June 30, 2018.

- On the prime bourse, each Envoy Textiles share traded between BDT 34.70 and BDT 35.30 on Thursday, before closing at BDT 35, advancing 0.28%. The company's share traded between BDT 31 and BDT 41.20 in the last one year. The company's unaudited earnings per share (EPS) stood at BDT 0.88 for January-March 2019 period as against BDT 0.47 for January-March 2018.

- The net operating cash flow per share (NOCFPS) was BDT 1.88 for July 2018-March 2019 as against BDT 1.89 for July 2017-March 2018. The net asset value (NAV) per share was BDT 38.84 as on March 31, 2019 and BDT 38.01 as on June 30, 2018. The company's paid-up capital is BDT 1.67 billion and authorised capital is BDT 4.0 billion, while the total number of securities is 167.73 million.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/envoy-textiles-to-issue-87m-preference-shares-1562257884>

Sea Pearl Beach Resort to make debut on DSE, CSE Tuesday

- Sea Pearl Beach Resort & Spa Ltd is set to make its share trading debut on Tuesday (July 09) on the bourses under 'N' category, officials said. Sea Pearl Beach Resort & Spa Limited (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa Cox's Bazar"), a luxury resort & hotel in Bangladesh, started its commercial operation from 17 September, 2015. The company raised a fund worth BDT 150 million from the capital market by floating 15 million ordinary shares at a face value of BDT 10 each using the fixed price method.

- The securities regulator -- Bangladesh Securities and Exchange Commission -- approved the IPO proposal of the company on February 19 this year. The IPO subscription for shares of the company by the eligible investors through electronic subscription system was held between April 23 and May 06. The company will utilise the IPO fund for interior, finishing, furniture & fixture (157 rooms) 71.22%, acquisition of land 17.77%, and bearing the IPO expenses 11.01%.

- According to the financial statements ended on June 30, 2018, the company's net asset value (NAV) per share stood at BDT 10.48 while the weighted average (three years) earnings per share (EPS) was BDT 0.41. The company's pre-IPO paid-up capital is BDT 1.0 billion and authorised capital is BDT 2.0 billion. Banco Finance and Investment Ltd and Prime Bank Investment jointly worked as the issue manager for the IPO process. The principal activities of the company throughout the period were carrying out resort & hotel business. After completing all procedures, it will be the 5th listed company in the 'Travel & Leisure' sector in the Dhaka Stock Exchange (DSE).

<http://today.thefinancialexpress.com.bd/public/stock-corporate/sea-pearl-beach-resort-to-make-debut-on-dse-cse-tuesday-1562340605>

Berger brings express painting service

- Berger has created 16 centres to provide the customers with one-stop painting solution. Berger Paints Bangladesh Limited has brought express painting service (EPS), whereby trained professionals will provide color consultation to make a perfect home. Recently, Berger launched an "Experience Zone" featuring all products, and services including virtual reality which enables users to experience, and experiment the actual color of his home in 3D. It also gives a clear idea of painting the exterior, and interior.

- Head of (project, prolinks, décor) Berger Bangladesh adds with that change, there is a change in balance with the people's cell wall. Keeping these things in mind, Berger Paints is launching new services. Berger has created 16 centres to provide the customers with one-stop painting solution. It will cater to all painting related requirements of customers through the most modern method of painting, he adds.

- The company has taken a scheme to increase services under the 'experience zones' of Berger Paints nationwide. In this year, 15 experience zones will be set up in different places of the country, says the décor manager. There is a Berger Weather-coat anti-dirt. This is the first paint product in Bangladesh which provides a warranty of 7 years. For health-conscious consumers, there is 'Berger Breathe Easy' which is completely eco-friendly, and without any smell. As a result, a house becomes instantly 'ready' even if it is freshly painted

- For consumers with sophisticated taste, there is 'Luxury Silk Paint'. It has a layer of crystal which gives a smooth glow. As for the global warming issue, the world is getting warmer every minute. Berger has introduced a paint which is also compatible with weather change. Berger weather coat anti-dirt supreme is providing a staggering warranty of 10 years.

<https://www.dhakatribune.com/business/2019/07/04/berger-brings-express-painting-service>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.98	-0.36	-0.63%
Crude Oil (Brent)*	\$63.38	-0.44	-0.69%
Gold Spot*	\$1,419.60	+0.82	+0.06%
DSEX	5,372.21	-12.71	-0.24%
Dow Jones Industrial Average	26,966.00	+179.32	+0.67%
FTSE 100	7,609.32	+50.13	+0.66%
Nikkei 225	21,699.93	+61.77	+0.29%

Exchange Rates

USD 1 = BDT 84.53*

GBP 1 = BDT 106.34*

EUR 1 = BDT 95.39*

INR 1 = BDT 1.23*

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

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