

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.

National Budget tomorrow

■ Finance Minister AHM Mustafa Kamal will place the proposed budget for the upcoming fiscal year FY 2020-21 before parliament tomorrow (Thursday). The budget session will open at 5 pm on Wednesday and is likely to continue for 12-15 working days, ending on July 09, according to an official of the Parliament Secretariat.

<https://today.thefinancialexpress.com.bd/first-page/budget-tomorrow-1591724524>

World Bank forecasts only 1.6% GDP growth for Bangladesh

■ The World Bank (WB) released a hard-hitting forecast on Monday (June 8) in its June 2020 Global Economic Prospects, that projected Bangladesh's GDP growth to come down to 1.6% in the current fiscal year ending on June 30. Moreover, it may also witness drastic declines to 1% in the coming fiscal year.

■ The coronavirus pandemic is set to bring down the country's GDP growth from an all-time high 8.15% recorded in the last fiscal year to straight 1.6% this fiscal year. Earlier, the Economist Intelligence Unit (EIU) had also predicted GDP growth of 1.6% for Bangladesh.

■ If the GDP growth comes down to 1.6% as per World Bank's projections, it will be the lowest figure in 37 years in Bangladesh. According to World Bank Indicator (WDI) data, the country's GDP growth rate was 2.13% in the fiscal year 1981-82.

<https://tbsnews.net/economy/world-bank-forecasts-only-16-gdp-growth-bangladesh-90592>
<https://today.thefinancialexpress.com.bd/first-page/bd-economy-to-hit-speed-bumps-wb-1591724580>
<https://www.newagebd.net/article/108015/world-bank-slashes-growth-projection-to-16pc>
<https://www.dhakatribune.com/business/economy/2020/06/09/wb-estimates-gdp-growth-to-be-1-6>

Government to extend tax holiday facility to seven new sectors

■ The government may extend tax holiday benefit to seven new sectors from the next fiscal year to encourage expansion of manufacturing activities, said an official of the finance ministry. Transformers and nanotechnology-based manufacturing are likely to be two of the new sectors.

■ Currently, the government offers tax exemptions for periods of five to 10 years, depending on the location of the factories to be set up by entrepreneurs. Some 26 industrial sectors such as manufacturing of active pharmaceutical ingredients, agriculture machinery, automobile, computer hardware, tyre and textile machinery get the privilege. Investors will be able to reap the advantage of establishing such industries between July 1, 2019 and June 30, 2024.

■ From this fiscal year, the National Board of Revenue (NBR) extended tax break to six sectors to encourage manufacturing of goods namely mobile phone, home appliances, LED television, toys and recycling of plastics. Other sectors that will become eligible for tax exemptions are likely to be announced by Finance Minister AHM Mustafa Kamal during the placement of the fiscal plans for the year 2020-21 tomorrow.

<https://www.thedailystar.net/business/news/seven-new-sectors-may-get-tax-holiday-1911925>
<https://tbsnews.net/economy/nbr/govt-extend-tax-holiday-facility-7-new-sectors-91066>

Fresh orders for apparel plunge 45.0%

■ The inflow of new work orders to Bangladesh's garment sector from international retailers and brands for June is 45% lower than that a year ago as demand is yet to pick up in the western markets because of the coronavirus pandemic.

■ According to the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), new orders are being issued but they are at least 40% to 45% lower compared to last year's. After intense negotiation with the buyers, a portion of the USD 3.15 billion worth work orders that were cancelled due to the Covid-19 pandemic have been reinstated. Finally, the local garment industry will have to face damages amounting to USD 5 billion.

■ Suppliers are facing two main challenges from the buyers on payment: unusual deferred payment and discount. The buyers are demanding even 180 to 220 days deferred payment although they primarily agreed to pay the money within 90 days. So, the reinstatement of the payment of the remaining work orders would be delayed.

<https://www.thedailystar.net/business/news/fresh-orders-apparel-plunge-45pc-1911933>

Transparency International Bangladesh (TIB) against allowing black money whitening

■ Transparency International Bangladesh (TIB) on Tuesday urged the government not to keep any provision of whitening of black money in the forthcoming national budget in the name of creating employment by attracting investment and boosting revenue generation, reports UNB. TIB condemned the government move to expand scope of whitening undisclosed money through buying flats, land as well as investing those in development projects and the stock market.

■ According to the TIB Executive Director, the forthcoming budget is not only giving the opportunity to whiten black money on a large scale but also it's going to remove the provision of Anti-Corruption Commission to question the source...it cannot be desired. He noted that the country's economy never benefited from this facility in the past years neither it helped to collect significant revenue.

<https://www.newagebd.net/article/107801/call-money-rate-rises-over-5pc-on-government-bank-borrowing>
<https://www.dhakatribune.com/business/economy/2020/06/09/budget-for-fy21-tib-against-provision-to-whiten-black-money>

Government takes BDT 113 billion from state-run power, gas entities

■ The government has taken around BDT 113 billion (11,300 crore) from different state-run power and gas entities over the past several months during the coronavirus pandemic. The Ministry of Finance (MoF) has taken the money in several installments since March, when Covid-19 outbreak started spreading across the country.

■ Of the total amount, paid by the state-run entities to the public exchequer, the Bangladesh Petroleum Corporation (BPC) paid around BDT 50 billion, Petrobangla around BDT 48 billion, and Bangladesh Power Development Board (BPDB) around BDT 15 billion.

■ The state-run entities will have to deposit surplus funds after setting aside their operational cost, additional 25% of the operational cost as emergency fund, and money for general provident funds and pension.

<https://today.thefinancialexpress.com.bd/first-page/govt-takes-tk-113b-from-state-run-power-gas-entities-1591724364>

Government to set up four more power grid substations

■ The government will set up four more power grid substations at different locations in the country while capacity of four more substations will be enhanced, reports UNB. According to Power Grid Company of Bangladesh (PGCB), the implementing agency of the projects, the new substations, each having 230/132 kV, will be installed at Feni, Birulia (Savar), Noagan and East Sadipur (Dinajpur). The substations, whose capacity will be extended, are 400/230 kV Bhulta (Narayanganj), 230/132 kV Bogura, 230/132 kV Barapukuria and 132/33 kV Niamatpur (Noagan).

■ The PGCB on Monday signed a contract with China National Technical Import and Export Corporation (CNTIEC) to implement the projects in order to facilitate enhanced power supply at better quality. As per the contract, the CNTIEC will complete the construction and extension work of the projects within the next 30 months on turnkey basis at a cost of over BDT 5.97 billion (BDT 597.55 crore) and hand over to PGCB.

<https://today.thefinancialexpress.com.bd/trade-market/govt-to-set-up-four-more-power-grid-substations-1591721662>

Bangladesh Telecommunication Regulatory Commission (BTRC) to impose three Significant Market Power (SMP) conditions on Grameenphone

■ The Bangladesh Telecommunication Regulatory Commission has decided to impose three conditions on Grameenphone under its latest initiative for enforcing the Significant Market Power Regulations-2018. The BTRC would issue an order in this regard to the country's leading mobile operator in the next few days based on a decision it made in a recent commission meeting, BTRC vice-chairman Subrata Roy Maitra told New Age.

■ Another official of the commission said that the conditions would include lowering call termination rate to BDT 0.05 per minute from BDT 0.1 per minute. In the case of migration to Grameenphone from the other operators — Robi, Banglalink and Teletalk — under the mobile number portability service, customers would get scope for migrating again to the other operators after 60 days. The timeframe will remain unchanged for the customers of the other operators — 90 days.

■ In launching new packages or services, Grameenphone would have to take approval for each of them. Now, Grameenphone like the other operators are allowed to run any new package or service after intimation. The commission this time would refrain from increasing the floor price of call rate for the GP customers, meaning that the price would remain unchanged at BDT 0.45.

■ The High Court in its order regarding the imposition of SMP conditions on Grameenphone asked the telecom regulator to impose the conditions afresh on the operator and to avoid market instability while implementing the regulations. According to BTRC official, considering the HC instruction and socioeconomic situation amid the coronavirus pandemic, the commission has dropped the call rate hike condition.

■ On February 10 last year, the telecom regulator declared Grameenphone as an SMP due to its market share of above 40% under two criteria. The three other telecom operators on two occasions this year demanded that the telecom regulator implement the SMP regulations. Under the SMP regulations, the telecom regulator on February 18 last year imposed four conditions on Grameenphone. In March last year, the BTRC withdrew the four conditions, but proposed twenty conditions which could be imposed on the mobile phone operator under the SMP regulations.

<https://www.newagebd.net/article/108014/btrc-to-impose-three-smp-conditions-on-grameenphone>

Regulator asks bourses to fully digitalise trading platforms

■ The securities regulator has asked both the bourses to set work plans for transforming the trading platforms into completely digitalised ones to avoid trade disruptions during any kind of pandemic in future. The regulator felt the necessity of digital platforms following the recent break of trading for 66 days due to the Covid-19 pandemic. However, the stock exchanges of other countries continued trading.

■ Number of mobile app users still remains very insignificant compared to total number of BO (beneficiary owner's) accounts. According to information of Central Depository Bangladesh Limited (CDBL), the number of active BO accounts is 2.58 million as of March 25 last.

■ Experts earlier blamed the exchanges' limited promotional activities behind the insufficient number of mobile app users. After four years of launching the mobile app by the Dhaka Stock Exchange (DSE), the number of investors using the app so far rose to only 52,000, which is only 2.0% of active BO accounts.

<https://today.thefinancialexpress.com.bd/last-page/regulator-asks-bourses-to-fully-digitalise-trading-platforms-1591724697>

Bangladesh Securities and Exchange Commission (BSEC) seeks corporate tax reduction

■ [Bangladesh Securities and Exchange Commission \(BSEC\)](#) has requested the government to reduce corporate tax rate by 5.0 percentage points for non-financial companies which will collect at least half of their long-term capital through issuing corporate bonds. If the tax is reduced, it will attract more investment in bond market and long-term financing dependency on banking sector will decrease.

■ The commission requested the government to reduce capital gain tax to 10% from existing 15% for the foreign portfolio investors. To attract more investment in bonds, the capital market regulator recommended a declaration of no-tax on income from any bond for all investors.

<https://www.dhakatribune.com/business/stock/2020/06/09/bsec-seeks-corporate-tax-reduction>

Bangladesh Securities and Exchange Commission (BSEC) rejects Dragon Sweater's rights offer

■ [Bangladesh Securities and Exchange Commission \(BSEC\)](#) has rejected the rights share offer of Dragon Sweater and Spinning Ltd. According to the regulator issued letter, the Commission is not in a position to consider the company's plea for issuance of rights shares as no revised documents have been submitted. After applying the rights offer based on the financial statements for the period ended March 31, 2018, the company has declared 20% stock dividend for the year ended June 30, 2018 as well as 10% stock dividend for the year ended June 30, 2019.

■ As such, due to declaration of said dividend the size of paid up capital of the company has increased, but, no decision has been taken/approved by the shareholders regarding rights shares against those two years' stock dividend as well as nothing has been submitted to the BSEC regarding above issues, said the disclosure.

■ Each share of the company closed at BDT 9.50 on Tuesday, remaining unchanged over the previous day. Its share traded between BDT 8.0 and BDT 21.30 in the last one year. In May, 2018, the board of directors of Dragon Sweater decided to issue rights shares for mobilising more than BDT 881 million to expand the company's existing capacity. The company offered two rights shares for existing three shares at BDT 10 each.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-rejects-dragon-sweaters-rights-offer-1591721480>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	USD 38.22	(USD 23.41)	-37.98%
Crude Oil (Brent)*	USD 40.56	(USD 27.88)	-40.74%
Gold Spot*	USD 1,716.80	USD 195.33	12.84%
DSEX	3,962.38	-490.55	-11.02%
S&P 500	3,207.18	-23.60	-0.73%
FTSE 100	6,335.72	-1251.33	-16.49%
BSE SENSEX	34,370.58	-7271.56	-17.46%
KSE-100	34,749.57	-5985.51	-14.69%
CSEALL	4,841.85	-1287.36	-21.00%

Exchange Rates

USD 1 = BDT 84.89*

GBP 1 = BDT 108.05*

EUR 1 = BDT 96.26*

INR 1 = BDT 1.13*

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

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