

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.

Macro:**Bangladesh seeks 9 LNG cargoes for second half of the year**

- Bangladesh plans to buy nine cargoes of liquefied natural gas (LNG) from the spot market for the second half of the year, an official from state-owned Petrobangla said, as the South Asian nation seeks to secure supply of the fuel to meet power demand. For the second half of the year, Rupantarita Prakritik Gas Company Ltd (RPGCL), a subsidiary of state-owned Petrobangla, has so far issued a tender seeking two cargoes for delivery on July 10-11 and July 23-24, the official and industry sources said on Thursday. The tender closed on 11 June.
- Tasked to import LNG for the country, Petrobangla has been tapping the market for spot imports since February, reversing a government decision last year to halt spot purchases after prices spiked following the Russia-Ukraine war. Asian LNG prices have since eased from their record highs, enabling Asian buyers like Bangladesh to afford spot purchases.

<https://www.tbsnews.net/bangladesh/bangladesh-seeks-9-lng-cargoes-second-half-year-650690>

Cenbank plans to spread Bangla QR code across country

- The Bangladesh Bank has undertaken a big plan to spread Bangla QR (Quick Response) codes across the country to develop a digital transaction system further with the aim of realising a cashless society. A senior official of the central bank told TBS that as part of the plan they are currently focusing on facilitating cashless transactions in cattle markets set up for Eid-ul-Azha. A process of opening bank accounts that would enable around 10,000 cattle traders to make cashless transactions at those markets is underway. The central bank has held meetings with 26 banks as well as with cow cattle traders for this purpose.
- Eight cattle markets in Dhaka North City Corporation and two markets in Chattogram City will have the facility to make cashless payments by using Bangla QR codes. Separate banks in charge of each of the cattle markets will set up their booths with a point of sale (POS) and ATM machines there. Along with the banks, mobile financial service (MFS) providers bKash and Nagad will set up booths at the cattle markets.

<https://www.tbsnews.net/economy/banking/cenbank-plans-spread-bangla-qr-code-across-country-651070>

Diversification of export remains a myth, still. Here is why

- Though single-product dependence is said to be not enough to take the country's exports to the next level of growth, no other sector could so far sustain its performance to stand second to ready-made garment. Leather and footwear, light engineering, and plastic have been among the sectors listed as potential to diversify the export basket. But an analysis of monthly export data indicates none of these manufactured goods is anywhere near the number one. While RMG exports count in billions, others are still in millions.
- Only leather could cross USD 1 Bn in 11 months of the current fiscal year, while engineering goods fetched a little over half a billion and plastic could not even reach USD 200 Mn. During the period, the ready-made garment alone brought home USD 42 Bn during the July-May period of the outgoing fiscal year.

<https://www.tbsnews.net/economy/diversification-export-remains-myth-still-here-why-650986>

Much-debated BDT 2000 min. tax being ditched finally

- The much-debated BDT 2000 minimum tax for all to be eligible for a raft of government services is eventually up to be ditched in final cobbling of new fiscal measures, sources said. Instead, the amount would be adjusted against tax at source during return filing as citizens already pay taxes at source. Official sources said the proposed provision would not be brought in the new income-tax law following widespread controversy provoked by the budget proposal.
- The finance minister proposed the new measure while placing the national budget for fiscal year 2023-24 in parliament on June 1, 2023. The provision has been incorporated into the Income Tax Bill 2023, placed in the parliament on June 8. The Parliamentary Standing Committee on the Ministry of Finance submitted amendments to the draft Income Tax Bill 2023 on Thursday to the parliament with recommendation for the National Board of Revenue (NBR) to scrap the provision.

<https://thefinancialexpress.com.bd/economy/bangladesh/much-debated-tk-2000-min-tax-being-ditched-finally>

Chinese firm Mingda to invest USD 76.41 Mn in Bepza EZ

- Chinese company Mingda (Bangladesh) New Material Co Ltd will invest USD 76.41 Mn in Bepza Economic Zone to produce different types of cotton product. It is the highest amount of investment proposal that came from a single company among the ones who have signed agreements to establish factories inside Bepza EZ.
- The list of products Mingda (Bangladesh) will produce includes imitation silk cotton, tile cotton, needle punched cotton, different types of artificial/manmade fabric, artificial fabrics, including geotextile, different hospital products, bags and packaging items, including geo-bag and non-woven bag.

<https://www.thedailystar.net/business/economy/news/chinese-firm-mingda-invest-7641m-bepza-ez-3347541>

Focus on major reforms to attain revenue target

- A number of former top officials of the National Board of Revenue (NBR) opined that bringing drastic reforms, including automation in the tax administration, is the only way to achieve revenue target. They also said major reduction in tax benefits or exemption to bring those at minimum level and cut in tax expenditure would help increase the country's tax-GDP ratio. They were speaking at a webinar - "Draft Income Tax Act 2023 and Salient Features of Finance Bill 2023-2024" - organised by the Institute of Chartered Accountants of Bangladesh (ICAB) on Thursday.

<https://thefinancialexpress.com.bd/economy/bangladesh/focus-on-major-reforms-to-attain-revenue-target>

Focus on making apparel by recycling yarn, fabric

- Local garment suppliers will have to focus on making apparels wholly from recycled materials by 2030 as the H&M is going to abide by a European Union (EU) due diligence law on protecting the environment and human rights. As a part of the new rules, the H&M has a target to have 24% of its apparels sourced from recycled or sustainable materials by 2025, said Ziaur Rahman, regional country manager of the Swedish retail giant in Dhaka.
- The recycled materials are yarn and fabric made from old and discarded clothing or scrap of garment manufacturing processes, widely known as "jhoot" in Bangla. No virgin cotton will not be used in the apparels and the only exception will be fibres from cotton grown from sustainable cultivation practices, Rahman told The Daily Star over the phone.

<https://www.thedailystar.net/business/economy/news/focus-making-apparel-recycling-yarn-fabric-3347561>

Money outside bank vaults fuels inflation

- Money amassed outside Bangladesh's banking system, ballooning over BDT 2.63 Tn by now, fuels inflation and people pay through the nose when global consumer-price indices tumble, experts say. The volume of currency outside the bank vaults rose again in April 2023 after three months of downturn, officials and bankers said.
- People familiar with the developments on the financial market told the FE that this rise is due to the uncertainty both in local and global markets as they believe people hold cash at a time when uncertainty arises. The uncertainty among people mounts further because of the upward trend in the rate of inflation, which, in fact, forced depositors to drive away the money from the banking system to meet growing living costs, according to them.

<https://thefinancialexpress.com.bd/economy/bangladesh/money-outside-bank-vaults-fuels-inflation>

BB hikes capital requirement for new banks

- Bangladesh Bank yesterday said that the upcoming commercial banks in the country will have to ensure BDT 5 Bn as paid-up capital instead of the existing BDT 4 Bn requirement. A central bank official said the new rule will be applicable to all who apply for licences to open new banks.
- Asked why the measure is not applicable for existing banks, the official said many of them cannot immediately raise their capital base. This includes state-run banks, which have long been struggling to manage their required capital. He went on to say that the central bank had taken the decision to raise the paid-up capital requirement before the coronavirus pandemic, but it did not implement the rule given the business slowdown.

<https://www.thedailystar.net/business/economy/news/bb-hikes-capital-requirement-new-banks-3347556>

Only 7 districts grab half of ADP allocation: Study

- Only seven districts receive 50% of the Annual Development Programme (ADP), while just 13% goes to the 25 lowest recipient districts, according to a study unveiled on Saturday, in a display of severe disparity in the country's region-based allocation. Dhaka district gets 21% of the development allocation, with Cox's Bazar securing second place with a 9% allocation due to various ongoing projects, including power projects, said Professor Adil Mohammed Khan, executive director at the Institute for Planning and Development (IPD).
- Presenting the findings of the study on "Regional-based Allocation of the Annual Development Budget of Bangladesh" carried out by the institute at a webinar, he said Chattogram and Narayanganj stood third and fourth respectively, with 6.85% and 3.85% allocation.

<https://www.tbsnews.net/economy/only-7-districts-receive-50-adp-allocation-651478>

Why dollar crisis persists despite declining imports. Here are answers

- The country's banking sector has been experiencing higher outflow than inflow in foreign currency due to repayment pressure of private sector short-term foreign loans when external borrowings of banks declined substantially after Moody's downgraded the banking system. This will be a major barrier to rebuilding foreign exchange reserves.
- Not only external borrowing, other major indicators of foreign currency inflow including medium-and-long-term foreign loans, net foreign direct investment, foreign aid, and portfolio investment declined significantly intensifying pressure on reserves. According to Bangladesh Bank data, the repayment amount of the private sector's external short-term debt stood at USD 11.40 Bn in four months from January to April of 2023, which was nearly USD 3 Bn higher than external borrowings of USD 8.5 Bn.

<https://www.tbsnews.net/economy/banking/why-dollar-crisis-persists-despite-declining-imports-here-are-answers-651530>

Wealth statement may not be needed

- The standing committee is expected to suggest the removal of the provision in the Income Tax Bill 2023, which is seeking to make the filing of wealth statements compulsory for persons who will visit other countries except for treatment and religious purposes.
- Besides, people who have more than BDT 1 Mn credit balance in their bank accounts are unlikely to be needed to file income tax returns. Instead, those with over BDT 1 Mn in fixed deposits may require to file returns and show proof of submission of returns in line with the recommendation of the standing committee.

<https://www.thedailystar.net/business/economy/news/wealth-statement-may-not-be-needed-3349026>

Capital shortfall of 11 banks rises to BDT 335.75 Bn

- The capital shortfall of 11 banks, mostly state-run ones, increased by BDT 28.73 Bn to BDT 335.75 Bn at the end of March this year amid rising bad loans, according to the latest Bangladesh Bank report. It was BDT 307.02 Bn at the end of December last year. The state-run lenders in capital shortfall are Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, BASIC Bank, Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank. Their shortfalls amount to BDT 281.17 Bn.
- "The government should inject capital into the state-owned banks to reduce their shortfall. If not, their crisis will continue. At the same time, the government should also ensure that the banks do not have default loans again," said Ahsan H Mansur, executive director of the Policy Research Institute.

<https://www.tbsnews.net/economy/banking/capital-shortfall-11-banks-rises-tk33575cr-650630>

New income tax law to hinder investment: ICAB

- Several changes brought in the draft of the Income Tax Law-2023 are likely to hinder local and foreign investment, leaders of the ICAB have said. "This will create a burden on businesses, hindering investment," said Mohammed Humayun Kabir, chairman of the taxation and corporate laws committee of ICAB, while chairing a webinar on the proposed FY24 budget and income tax law on Thursday.
- While presenting the main article at the webinar, ICAB member Snehasish Barua, partner of Snehasish Mahmud & Company, said the minimum tax on turnover of beverage companies has been increased from 0.6% to 5%. Tax has been imposed on loans taken from foreign sources. If a company has more than one car, additional tax is levied on it, and the responsibility for the proof of submission of return examination is also given to the company. Besides, tax on the sale of property has been doubled. These aforementioned reasons will create an impact on businesses, opined Snehasish.

<https://www.tbsnews.net/economy/new-income-tax-law-will-hurt-foreign-local-investments-experts-650594>

Furniture export below potential

- The wooden furniture industry in Bangladesh has not flourished as market players are unable to export their products at competitive prices amid the high tariff on imported raw materials and subsequent dearth of quality components, speakers said at a discussion. The wooden furniture business is considered a promising sector due to the abundance of labourers, flow of capital and technological facilities available in the country, they said.
- The popularity of wooden furniture is increasing day by day but most raw materials, including quality wood and chemicals, have to be imported, said Salim H Rahman, chairman of the Bangladesh Furniture Industry Owners Association (BFIOA).

<https://www.thedailystar.net/business/economy/news/furniture-export-below-potential-3349016>

Stocks:**BERGERPBL | Berger Paints allowed to secure USD 60 Mn loan from parent company**

- Berger Paints Bangladesh Limited has received approval from the Bangladesh Investment Development Authority (Bida) to obtain a USD 60 Mn loan from its parent company, J&N Investments (Asia) Limited. According to a disclosure made on Thursday by Berger Paints, the country's leading multinational paint manufacturer, the loan will facilitate the opening of letters of credit for the import of raw materials. The loan will also be disbursed in phases based on business requirements, it added.

<https://www.tbsnews.net/economy/stocks/berger-paints-allowed-secure-60m-loan-parent-company-651522>

ZAHINTEX | Zahintex under scanner over disparities in financial statements

- The Bangladesh Securities and Exchange Commission (BSEC) has launched a review into Zahintex Industries following the discovery that the textile company had submitted different financial statements to the National Board of Revenue (NBR) and the Dhaka Stock Exchange (DSE). In a recent letter to the BSEC, the NBR stated that its Central Intelligence Cell had discovered discrepancies in the information regarding revenue, cost of goods sold, net profit, and earnings per share for the 2014-15 and 2015-16 fiscal years in the documents submitted by the firm to the entities.
- The revenue authority also called upon the market regulator to take action against the knit garment manufacturer, which was listed on the bourses in 2011 to raise BDT 500 Mn with a BDT 15 premium per share for the purpose of loan payments and working capital.

<https://www.tbsnews.net/economy/stocks/zahintex-under-scanner-over-disparities-financial-statements-651518>

AL-HAJTEX | Alhaj Textile files writ against BSEC, secures stay order

- Alhaj Textile Mills, on Wednesday, filed a writ petition against the securities regulator's decision of appointing four independent directors at the company and has also secured a stay order for six months. The company and its incumbent Managing Director Mohammed Bakhtiar Rahman, in a joint petition, also pleaded for a rule regarding the legality of the appointment of the independent directors, according to the petitioners' lawyer Sayeda Nasrin. The respondent has got four weeks to reply to the rule, she added.

<https://www.tbsnews.net/economy/stocks/alhaj-textile-files-writ-against-bsec-secures-stay-order-650598>

World Stock and Commodities*

| Index Name | Close Value | Value Change YTD | % Change YTD |
|--------------------|--------------|------------------|--------------|
| Crude Oil (WTI)* | USD 71.78 | (USD 3.43) | -4.56% |
| Crude Oil (Brent)* | USD 76.61 | (USD 1.17) | -1.50% |
| Gold Spot* | USD 1,957.98 | USD 183.83 | 10.36% |
| DSEX | 6,280.02 | 73.02 | 1.18% |
| S&P 500 | 4,409.59 | 570.09 | 14.85% |
| FTSE 100 | 7,642.72 | 190.98 | 2.56% |
| BSE SENSEX | 63,384.58 | 2,543.84 | 4.18% |
| KSE-100 | 41,335.53 | 915.08 | 2.26% |
| CSEALL | 9,248.56 | 746.07 | 8.77% |

Exchange Rates**1 US Dollar = 108.31 BDT****1 GBP = 138.89 BDT****1 Euro = 118.73 BDT****1 INR = 1.32 BDT**

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BRAC EPL Stock Brokerage Limited

Research

| | | | |
|----------------------------|---------------------------|--|---------------|
| Salim Afzal Shawon, CFA | Head of Research | salim@bracepl.com | 01708 805 221 |
| Fahim Hassan | Research Analyst | fahim.hassan@bracepl.com | 01709 636 546 |
| Hossain Zaman Towhidi Khan | Senior Research Associate | hztowhidi.khan@bracepl.com | 01708 805 224 |
| Billal Hossain | Research Associate | billal.hossain@bracepl.com | 01708 805 229 |
| Md. Tanvir Ahmed | Research Associate | mtanvir.ahmed@bracepl.com | 01708 805 201 |
| Syed Tawsifuzzaman | Research Associate | s.tawsifuzzaman@bracepl.com | 01708 805 202 |

International Trade and Sales

| | | | |
|----------------------|-------------------------|--|---------------|
| Ahsanur Rahman Bappi | Chief Executive Officer | bappi@bracepl.com | 01730 357 991 |
|----------------------|-------------------------|--|---------------|

For any queries or services, you can reach us at care@bracepl.com or hotline **16285**.