

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:**ADB provides USD 400 Mn to construct Chattogram-Cox's Bazar railway**

- The Asian Development Bank (ADB) has signed a loan agreement worth USD 400 Mn with the government to build a dual-gauge railway connecting Chattogram and Cox's Bazar to promote trade, investment and tourism in the country. Sharifa Khan, secretary, Economic Relations Division, and Jiangbo Ning, ADB deputy country director for Bangladesh, signed the agreement on behalf of Bangladesh and the ADB, respectively.
- The assistance forms the third part of USD 1.5 Bn ADB loans for the SASEC Chattogram-Cox's Bazar Railway project. The loan will help complete the construction of the 102 kilometres of the new railway line between Chattogram and Cox's Bazar. The new rail link, which is expected to open in 2023, aims to transport 2.9 Mn passengers annually between Chattogram and Cox's Bazar by 2024.

<https://www.tbsnews.net/economy/adb-provides-400-million-construct-chattogram-coxs-bazar-railway-655898>

BDT 8 Bn earned in toll collection from Padma Bridge in one year: Bridge authority

- Around BDT 8 Bn was earned in toll collection from the Padma Multipurpose Bridge in the one year since its inauguration, said the bridge authority. However, as Bangladesh Army and SSF pay the total toll for their transport crossings together every month, their tolls will be available at the end of the month. According to the related sources, the toll amount will increase slightly. The bridge authority said around 5.7 Mn vehicles travelled through the Padma Bridge since its inauguration on 25 June of last year. They said the number will increase at a rate of at least 4% every year.

<https://www.tbsnews.net/bangladesh/infrastructure/tk800-crore-earned-toll-collection-padma-bridge-one-year-bridge-authority>

Loan rescheduling drops 81% in Q1 2023

- Banks in Bangladesh rescheduled BDT 33.76 Bn of their defaulted loans in the January-March quarter of this year, marking a significant decrease of nearly 81% compared to the previous quarter, according to data from the Bangladesh Bank. In the October-December period of 2022, the rescheduled loan amount stood at BDT 177.68 Bn.
- Bankers have noted that the loan rescheduling in the March quarter of this year reflects a normal scene in the banking sector. However, the unusually high increase in December was attributed to the rescheduling of defaulted loans of some large customers. In July last year, the Bangladesh Bank issued a circular empowering bank boards to reschedule new loans on 2.5%-4.5% deposits, eliminating the previous requirement of central bank approval and mandatory deposits ranging from 10%-30% to regularize loans.

<https://www.tbsnews.net/economy/banking/loan-rescheduling-drops-81-q1-2023-655670>

Refinance scheme made bigger for female-run SMEs

- The Bangladesh Bank today increased the volume of refinance scheme for women entrepreneurs with a view to facilitating female-run businesses. The volume of the scheme now stands at BDT 30 Bn compared to BDT 15 Bn previously, according to a central bank notice. The BB official said women entrepreneurs are now allowed to get loans at 5% interest from the scheme. If any female entrepreneur repays the loan in time, she will be considered to take loan from the scheme again at 4% interest, he said.

<https://www.thedailystar.net/business/economy/news/refinance-scheme-made-bigger-female-run-smes-3355446>

'Real-time tender processing for public purchase soon'

- The government will introduce real-time tender processing in public procurement to ensure transparency and accountability, said Abul Kashem Md Mohiuddin, secretary of the Implementation Monitoring and Evaluation Division (IMED) under the planning ministry. The e-government procurement or e-GP system of the government has already been functioning for saving time and money and for more transparency. The e-GP helped us save USD 1.1 Bn annually, 497 Mn kilometres of travel distance, 1,053 Mn tonnes of pages of papers and cut 153,559 tonnes of carbon emission, said Mohammed Shoheler Rahman Chowdhury, director general of Central Procurement Technical Unit (CPTU).

<https://www.thedailystar.net/business/news/real-time-tender-processing-public-purchase-soon-3355536>

Govt sets target to identify over 0.96 Mn new tax payers in next fiscal year: Finance minister

- Finance Minister AHM Mustafa Kamal today said target has been set to identify over 0.96 Mn new tax payers in the next fiscal year. "The government has set a target to identify some 9,60,817 new tax payers in the current fiscal year while identification of some 8,27,346 new tax-payers has already been completed so far," he told the parliament.

<https://www.tbsnews.net/economy/govt-sets-target-identify-over-960-lakh-new-tax-payers-current-fiscal-finance-minister>

Duties on raw materials of sanitary pads should go

- The government should withdraw customs duties slapped on the imports of raw materials used in making sanitary napkins as the penetration of the basic hygiene product is low in Bangladesh due to higher prices, said a top executive. In Bangladesh, millions of girls depend on old pieces of clothes during menstruation and thus suffer from cervical infection, urinary tract infection and other diseases.
- The consumption of FMCG products, especially toiletries items, is not increasing as the cost of goods sold are high and it is difficult to bring down their prices at the retail level, said Malik Mohammed Sayeed, chief operating officer of Square Toiletries. There is a 25% customs duty on air-laid and silicone-release paper and a 10% duty on non-woven materials. The supplementary duty on shaving foams and body sprays is 25% at the import level.

<https://www.thedailystar.net/business/economy/news/duties-raw-materials-sanitary-pads-should-go-3355746>

Sudan war deals fresh blow to jute goods exporters

- The war in Sudan has dealt a fresh blow to Bangladesh's jute goods exports which has been suffering from a downturn for the last two years. Millers said the northeast African country was a good market for locally-made jute sacks and bags. But the war that began in mid-April this year dented shipments, payments against items that have already been shipped and flow of fresh orders, they said.
- Bangladesh exported more than USD 40 Mn worth sacks and bags used in packing goods to Sudan in the July-May period of fiscal year 2020-21. The amount of shipment slumped to just one-fourth the following fiscal year. Export earnings from sacks and bags rose in the current fiscal year but stood 37.5% lower than the proceeds of fiscal year 2020-21, showed data of the Export Promotion Bureau (EPB).

<https://www.thedailystar.net/business/economy/news/sudan-war-deals-fresh-blow-jute-goods-exporters-3355751>

Rubber growers dismayed by reduced prices

- The disappointment among rubber growers in Bangladesh is mounting as prices of latex and rubber sheet are declining despite being import substitutes for key materials used in various industries. Rubber growers say the price of latex has fallen by BDT 10 per kilogramme (kg) while that of rubber sheet has reduced by BDT 30 per kg over the past six months.
- Some 67,939 tonnes of latex were produced in the country last year, up 58% from 43,000 tonnes in 2021, driven by an increase in the area under cultivation, according to the Bangladesh Rubber Board. The size of the domestic raw rubber market is valued at around BDT 10.5 Bn, said Mohammad Kamal Uddin, a former president of the Bangladesh Rubber Garden Owners' Association (BRGOA). Meghna Group is one of the major users and exporters of rubber products in the country.

<https://www.thedailystar.net/business/economy/news/rubber-growers-dismayed-reduced-prices-3355726>

Govt's borrowing goes up amid falling revenue

- Finance ministry data showed that taxes raised by the National Board of Revenue (NBR) and other public agencies could fund 74% of the government's total expenditure of BDT 1740.13 Bn in the fiscal year of 2012-13. The rest of the expenditure was met through debts from the domestic source and foreign loans and grants, which accounted for 22% and 4%, respectively.
- A decade later, in 2021-22, the contribution of revenue generation to actual expenditure declined to 65%. On the other hand, the share of borrowing from internal and foreign sources rose to 35%. The trend continued in the subsequent years as well. The government plans to meet 34% of its expenses set for 2023-24 on the back of borrowing, mainly from the domestic banking system.

<https://www.thedailystar.net/business/economy/news/govts-borrowing-goes-amid-falling-revenue-3354881>

Too many foreign investors getting entangled in lawsuits with local partners

- The slow resolution of business disputes has resulted in a backlog of cases between foreign companies operating in Bangladesh and their business partners or stakeholders with 3,000 such lawsuits awaiting settlement as of March this year. These cases, involving around BDT 300 Bn and pending with from trial courts to the Appellate Division, are filed on various grounds – company-to-company or company-to-person feuds, financial transaction, share transfer, ownership, breach of contract, fraud, issues over investment and supply of substandard goods.
- When old cases pile up, legal battles involving foreign companies are on the rise. Experts and court sources have highlighted that there are approximately 4 Mn cases awaiting disposal amid a shortage of judges and courts nationwide. There is no dedicated court to try cases filed over disputes involving foreign companies. Furthermore, the lack of skilled lawyers capable of handling such cases, mostly filed under the Companies (Bangladesh) Act, 1994, exacerbates the situation.

<https://www.tbsnews.net/economy/too-many-foreign-investors-getting-entangled-law-suits-local-partners-656202>

Stocks:**MKFOOTWEAR | MK Footwear makes debut on SME Platform Monday**

- Another SME firm – MK Footwear PLC --- will begin share trading on the SME Platform of the Dhaka Stock Exchange and Chittagong Stock Exchange on Monday. MK Footwear will make its debut as 17th listed company under the SME Platform. Earlier on 27 February, the Bangladesh Securities and Exchange Commission allowed it to raise BDT 100 Mn through qualified investors offer (QIO) by issuing 10 Mn ordinary shares at a face value of BDT 10 each.
- The export-oriented footwear maker's share subscription through QIO was held between June 11 and June 15. The footwear maker will utilise the proceeds for procurement of machinery (BDT 97.34 Mn) and QIO expenses (BDT 2.66 Mn). According to the company's audited financial statements for the FY22, its diluted earnings per share stood at BDT 3.19 and the net asset value per share without revaluation at BDT 12.95. The company's export turnover jumped 190% year-on-year to BDT 1.26 Bn in the FY22.

<https://thefinancialexpress.com.bd/stock/bangladesh/mk-footwear-makes-debut-on-sme-platform-monday>

DBLPBOND | Dhaka Bank declares 10% coupon rate for its bond

- The trustee of the Dhaka Bank Perpetual Bond declared the semi-annual coupon rate at 10% for the public portion for the February-July period. The trustee also set 20 July as the record date for the entitlements of the bondholders. In October last year, the bank received approval from the securities regulator to issue the bond worth BDT 2 Bn in a bid to strengthen the additional Tier-1 capital base of the private sector lender.
- It raised BDT 1.8 Bn through private placements and the remaining BDT 0.2 Bn through a public offering. Local merchant bank IDLC Investments Limited acted as the trustee of the bond, while another investment bank, UCB Investment Limited, was the issue manager, underwriter, and arranger. Meanwhile, the bank's earnings per share (EPS) from January to March of 2023 stood at BDT 0.63, which was 14% lower than the previous year. The net operating cash flow per share (NOCFPS) has increased to BDT 8.21, which was negative at BDT 4.36 from January to March 2022.

<https://www.tbsnews.net/economy/stocks/dhaka-bank-declares-10-coupon-rate-its-bond-655634>

INDEXAGRO | Index Agro Industries' BDT 268.7 Mn IPO fund unspent

- Index Agro Industries has failed to utilise half of its initial public offering (IPO) fund within the stipulated time. Now, the animal feed producer seeks to change the IPO proceeds and wants an extension of time by at least 12 months. To secure approval from shareholders, it will hold an extra-ordinary general meeting on 20 July. According to the company, till May this year, BDT 268.7 Mn of its IPO fund remained unspent. The money was allocated for construction work and setting up necessary machinery and equipment to expand the business. The company raised BDT 5 Bn from the stock market through an IPO in 2020.

<https://www.tbsnews.net/economy/stocks/index-agro-industries-tk2687cr-ipo-fund-unspent-655626>

SONALIPAPR | Why Sonali Paper keeps shareholders in the dark

- With less than a week remaining for the end of the current fiscal year, Sonali Paper and Board Mills has only been able to publish financials for the first three months, keeping shareholders in the dark regarding performance for the following two quarters. According to the Dhaka Stock Exchange (DSE), Sonali Paper, a concern of Younus Group, did not publish its financials for six months, from October last year to March this year, which is a violation of securities laws.
- This non-compliance is considered a punishable offence, and the company will have to face penalties as a result. According to officials in the company, the management is unwilling to disclose the financials due to the disappointing performance of their other income, specifically the gains from stock market investments. This underperformance is attributed to the volatility of the country's stock market.

<https://www.tbsnews.net/economy/stocks/why-sonali-paper-keeps-shareholders-dark-655606>

EXCHANGE | The Z shock to arrest junk stock euphoria

- Investors who had been celebrating their gains from junk stocks got a shock on Sunday as the bourses downgraded five such stocks to the "Z" category so that there's an inconvenience in trading those. However, the timing of such action was the talk of the street on Sunday as many believed that the bourses could have done it much earlier when the stocks were rallying in contrast to their business fundamentals, leaving most of their stronger competitors at floor prices.
- During the pandemic, the BSEC said a company failing to pay cash dividends for two consecutive years could be sent to Z, while failure to hold AGM due to legal consequences or force majeure could be exempted for two years. The relaxation helped a few dozen weak listed firms float in B or A category without paying dividends or paying the minimum.

<https://www.tbsnews.net/economy/stocks/z-shock-arrest-junk-stock-euphoria-655790>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 69.87	(USD 5.34)	-7.10%
Crude Oil (Brent)*	USD 74.62	(USD 3.16)	-4.06%
Gold Spot*	USD 1,925.90	USD 151.75	8.55%
DSEX	6,325.71	118.71	1.91%
S&P 500	4,348.33	508.83	13.25%
FTSE 100	7,461.87	10.13	0.14%
BSE SENSEX	62,979.37	2,138.63	3.52%
KSE-100	40,090.36	-330.09	-0.82%
CSEALL	9,339.43	836.94	9.84%

Exchange Rates**1 US Dollar = 108.18 BDT****1 GBP = 137.70 BDT****1 Euro = 117.95 BDT****1 INR = 1.32 BDT**

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above-mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and revisit this assessment when subsequent update reports are published, or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

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**.