

Economy

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>

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.

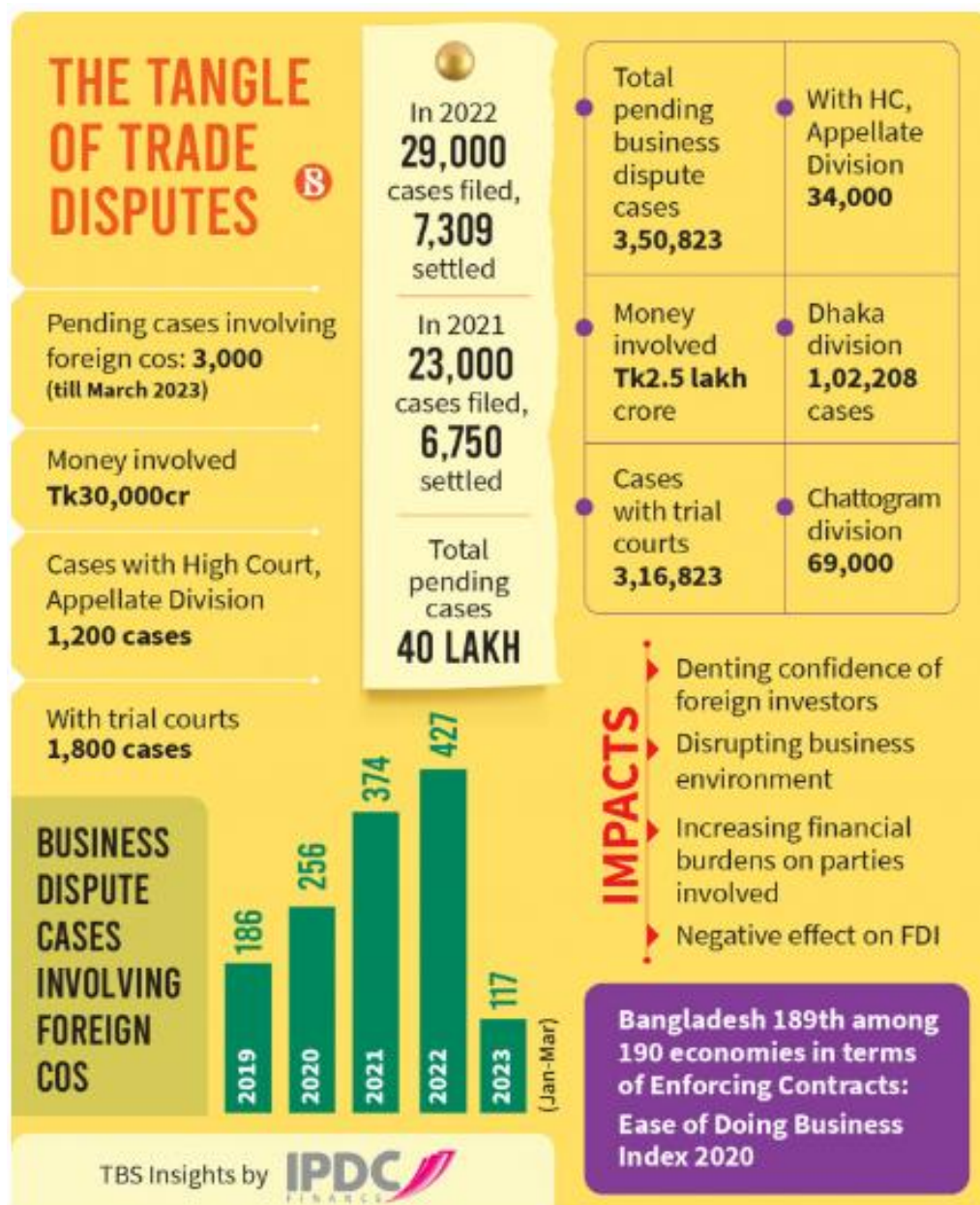
<https://www.thedailystar.net/business/economy/news/govts-borrowing-goes-amid-falling-revenue-3354881>

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>

Stock-Specific News

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>

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>

IFC provides \$50 million to BRAC Bank to support trade finance and preservation of jobs

The International Finance Corporation (IFC) of the World Bank Group is extending a \$50 million loan to BRAC Bank Limited (BBL) to aid small and medium-sized enterprises (SMEs) emerge from the lingering effects of the Covid-19 pandemic. According to a press release, the investment will contribute to the preservation of jobs and bring foreign exchange liquidity into BBL to help support the working capital and trade finance requirements of the bank's SME importer- and exporter- clients. This investment, along with a similar loan to Prime Bank in February, will also send a positive signal to the market and contribute towards attracting additional international investors to support the foreign exchange financing needs of local banks and SMEs.

<https://www.tbsnews.net/economy/banking/ifc-provides-50-million-brac-bank-support-trade-finance-and-preservation-jobs-656418>