

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.

Government may not hike SD on telecom services

■ Finance Minister may scrap his plans to raise the supplementary duty (SD) on telecom services and double the deposit in VAT-related disputes following criticism and pleas from various quarters. While unveiling the budget for fiscal year 2020-21 on June 11, the minister has proposed hiking the SD on all kinds of telecom services to 15 % from the previous 10 %.

■ Both operators and users have expressed dissatisfaction at the move and said tax on mobile phone use increased in the last few years, which has negatively affected customers' service-availing trends. On Wednesday, Telecom Minister in a demand letter to the finance minister, called for withdrawal of the additional SD, pointing out that it would thwart the process of digitalization. Several other cabinet members and members of the parliament also requested the finance minister to scrap the SD.

<https://www.thedailystar.net/business/news/govt-may-not-hike-sd-telecom-services-1921561>
<https://www.newagebd.net/article/109597/mobile-use-duty-hike-decision-to-be-reviewed>

PPE exports give lifeline to apparel manufacturers

■ The export of personal protective equipment (PPE) has opened a new avenue for apparel manufacturers of Bangladesh who are reeling from order cancellations and downswings of exports in the Covid-19 pandemic. According to figures by the Export Promotion Bureau (EPB), PPEs, including masks, gloves, and gowns, have fetched USD 11.58 million in earnings in the 11 months between July 2019 and May 2020. A good quantity has been shipped in June this year, but the latest official data is yet to be available.

■ Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data says there are 33 companies who are making and preparing PPE for export to meet global demand. The largest shipment was by the Beximco Group which exported 6.5 million medical gowns to US brand Hanes. There are huge prospects for PPE products and queries from global buyers are increasing gradually, said the managing director of Snowtex.

■ Since, they are mostly dependent on a few items and basic goods, going on to medical products will help to diversify goods, said the Director at the Centre for Policy Dialogue. The overall demand will depend on the Covid-19 situation, but the demand for PPE will always be there in the medical sector, he explained.

<https://www.dhakatribune.com/business/2020/06/27/ppe-exports-provide-new-opportunity-for-bangladesh>

Bangladesh Bank (BB) asked to simplify repatriation of foreign investment, profit

■ The government has moved to simplify the repatriation process of foreign investment and profit by removing the existing barriers for attracting the businesses being relocated by the global conglomerates amid the Covid-19 pandemic. As the pandemic has lashed the global economy, many multinational companies have begun relocating their businesses to countries where the cost of doing business is comparatively lower than that of their present locations.

■ Bangladesh, being a country where cheap labor is available and the government is setting up more than a hundred economic zones, has the opportunity to attract such businesses provided some of the existing barriers are removed, according to officials and experts. The ministry of finance in a letter on Tuesday requested Bangladesh Bank to take steps to remove all legal, procedural and policy-related impediments as part of creating investment-friendly environment so that the foreign businesses could repatriate their investment and dividend easily.

<https://today.thefinancialexpress.com.bd/public/last-page/bb-asked-to-simplify-repatriation-of-foreign-investment-profit-1593106098>
<https://tbsnews.net/economy/banking/bangladesh-bank-officials-surprised-finance-ministrys-directive-over-repatriating>

Bangladesh Bank (BB) cuts industries' loan repaying time to one year

■ The central bank has reduced the period to pay off the loans from the BDT 300 billion coronavirus stimulus package for industrial sector to one year from three years. The Bangladesh Bank (BB), which will finance half of the package, has announced the decision in a notice. A refinancing fund worth BDT 150 billion has been formed in the meantime.

■ The notice stipulates that the banks take a loan at a rate of four % interest from this fund and lend it to industrialists at nine % interest. The borrowers will pay half of this interest - 4.5 % - while the government would pay the other half as subsidy. It is expected that lending capital under the said package will benefit most organisations affected by the Covid-19 pandemic and help them revive and gain pace in their work, the notice said.

<https://today.thefinancialexpress.com.bd/public/trade-market/bb-cuts-industries-loan-repaying-time-to-one-yr-1593186856>

Private sector credit growth picks up in May -- on paper

■ Private sector credit data appears to have gone against the grain in May. For 24 months on the trot, private sector credit growth was lesser than in the previous month. And the trend was expected to continue given the overall doom and gloom on the economy. But in May, it edged up to 8.86 % from 8.83 % a month earlier, according to data from the central bank.

■ In May, economic activities started on a limited scale and both the central bank and the government began to release funds from the stimulus packages for businesses. For instance, garment factory owners took out funds from the BDT 50.00 billion package allotted from them to provide the salaries of their workers, the executive director of the Policy Research Institute of Bangladesh said. Banks had started disbursing loans and opening and settling the letters of credit on a limited scale since May, which also helped push the credit growth, said the managing director of Pubali Bank.

■ They should take the situation into account while considering the private sector credit growth figure in May, said a former economist of the International Monetary Fund. Another reason for the uptick is the banks' opting for interest capitalisation in response to the central bank order to not classify any types of loan until September with the view to cushioning the blow for borrowers from the ongoing economic mayhem, said also the chairman of Brac Bank.

<https://www.thedailystar.net/business/news/private-sector-credit-growth-picks-may-paper-1921545>

Ceramic industry in a fix due to fiscal measures

■ The local ceramic manufacturers are in a fix as the recent government decisions went against the interest of their industry amid Covid-19 pandemic, industry insiders have said. They said the National Board of Revenue (NBR) on June 23 issued an order, reducing the tariff rates on imported ceramic tiles that will create an uneven competition for local products. Besides, the government in the budget for the fiscal year 2020-21 proposed 10 % supplementary duty (SD) on locally made sanitary ware that will increase the manufacturing cost.

■ The decisions would certainly hinder the growth of the potential ceramic manufacturing sector in the country, said the president of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA). However, the growth trajectory has recently been curved down due to the countrywide shutdown after the coronavirus spread. The sector had made a hefty positive growth of 32.79 % in the FY 2018-19 compared to the corresponding period of the previous FY.

<https://today.thefinancialexpress.com.bd/trade-market/ceramic-industry-in-a-fix-due-to-fiscal-measures-1593273855>

Unilever Overseas Holdings to purchase 82% shares of GSK

■ Unilever Overseas Holdings B.V. will purchase 82 % shares of GlaxoSmithKline(GSK) Bangladesh which is listed on both the stock exchanges of Bangladesh. SETFIRST Ltd. will sell 9.87 million shares, which is 82 % compared to total number of shares of the GSK Bangladesh, at prevailing market price. SETFIRST Ltd. has expressed its intention to sell its entire holding of the company at prevailing market price. The disclosure also said Unilever Overseas Holdings B.V. has expressed its intention to buy the said amount of shares at prevailing market price. The transaction will be executed in block market within 30 working days.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/unilever-overseas-holdings-to-purchase-82pc-shares-of-gsk-1593100777>

<https://tbsnews.net/economy/stock/unilever-buy-gsk-shares-30-days-98146>

Securities regulator rejects 2 IPO applications

■ The Bangladesh Securities and Exchange Commission (BSEC) has recently rejected the Initial Public Offering (IPO) applications of two companies for not complying with the Public Issue Rules and securities laws. The companies are Al-Faruque Bags Ltd and Infinity Technology International Ltd. However, the related issue managers claimed that despite the problems identified by the BSEC are solvable, the commission has rejected the applications.

■ The securities regulator is scrutinising the IPO proposals very carefully for the sake of investors and the capital market. Companies willing to go public have no scope of getting the regulatory approval providing any false information with the IPO (initial public offering) proposal, said a top official of the securities regulator. In last week, the securities regulator fined Al Faruque Bags, its auditor and issue managers for non-compliances found in the company's IPO proposal.

■ On April 12, 2018, Infinity Technology International Ltd applied to the BSEC for raising BDT 300 million as the capital by issuing 30 million of ordinary shares in the capital market, intending to spend for infrastructure and software development. Sources said that the company did not submit auditors' certificates on the utilisation of the fund raised through the capital earlier. The company has also violated the Public Issue Rules 2015.

<https://tbsnews.net/economy/stock/securities-regulator-rejects-2-ipo-applications-98143>
<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-takes-a-tough-line-on-ipo-scrutiny-1593270211>

IPO fund raising hits 11-year low in FY20

■ Fund raising through initial public offerings hit an 11-year low in the financial year 2019-20 due mainly to fierce criticisms over poor IPO approval by the Bangladesh Securities and Exchange Commission, coronavirus pandemic and bearishness on the country's stock market. Only two companies and one bond raised BDT 3.07 billion in the financial year while 11 companies and two mutual funds had raised BDT 5.71 billion in FY19. Fund raising through IPO in FY20 was the lowest after the financial year 2008-09 when companies had raised only BDT 820 million.

■ Market operators said that the IPO market became sluggish from the very beginning of 2019 as the market regulator faced a spate of criticisms for approving fundamentally weak companies' IPOs, forcing it to be cautious in giving IPO approval.

■ Besides, the BSEC had to amend the public issue rules in September, 2019 to tighten the entry of weak companies to the market that also slowed down the IPO market. As per the new rules, post-IPO paid-up capital must be BDT 500 million for companies intending to raise fund through the fixed price method of IPO while it must be BDT 750 million for the book building method. Moreover, the commission increased shares lock-in period for placement holders to two years, market operators said.

■ Bangladesh Merchant Bankers Association general secretary, also managing director of BMSL Investment Limited, said that the coronavirus-centric shutdown might impact the primary market. Prolonged sluggishness on the market and the tightening of rules might also discourage companies to come to the market, he said. IDLC Investments Limited managing director said that IPO approval process has remained complex and time consuming. Even after approval for bidding, a second approval from the BSEC is needed to go for public subscription.

<https://www.newagebd.net/article/109515/ipo-fund-raising-hits-11-yr-low-in-fy20>

City Bank retains Moody's B1 rating

■ City Bank retained its issuer rating of B1 with a negative outlook from last year in the latest credit opinion published by Moody's Investors Service on the bank. The credit opinion recognised both the potential and challenges of the bank in this critical time of a global pandemic. City Bank's B1 rating demonstrated its moderate profitability driven by maintaining the net interest margin intact, its heightened asset risk due to disruptions caused by the coronavirus outbreak and its capitalisation that is under pressure compared to the previous years.

■ Superior strength on consumer banking and credit card segments and access to development funds from development financiers are recognised as credit strengths of the bank. However, the impact of the global coronavirus outbreak has taken a toll on all the key parameters of the rating and the outlook of the entire system is depending heavily on how well this pandemic is dealt with and warded off.

<https://www.newagebd.net/article/109439/city-bank-retains-moodys-b1-rating>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 38.49	(\$23.14)	-37.55%
Crude Oil (Brent)*	USD 41.02	(\$27.42)	-40.06%
Gold Spot*	USD 1,771.30	\$249.83	16.42%
DSEX	3,969.28	(483.65)	-10.86%
S&P 500	3,009.05	(221.73)	-6.86%
FTSE 100	6,159.30	(1,427.75)	-18.82%
BSE SENSEX	35,171.27	(6,470.87)	-15.54%
KSE-100	33,709.63	(7,025.45)	-17.25%
CSEALL	5,163.35	(965.86)	-15.76%

Exchange Rates

USD 1 = BDT 84.93*

GBP 1 = BDT 104.78*

EUR 1 = BDT 95.28*

INR 1 = BDT 1.12*

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

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