

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.

The Financial Reporting Council (FRC) tightens rules on converting share money into paid up capital

- The Financial Reporting Council has tightened rules of company's capital formation by directing companies to convert share money deposit into paid up capital within six months of depositing such fund in bank accounts and barring them from withdrawing the money. According to the directive, the share money deposit received for increasing equity or paid up capital of a company must not be withdrawn or taking back at any means. The non-compliant companies would face the music under the clause 48 of Financial Reporting Act 2015. Besides, the share money deposit will be considered as potential share until its conversion into paid up capital, and the company must show the diluted earnings per share in the financial statement or impact of the new shares on EPS.
- One of the prime reasons for the rise in non-performing loans in the country's banking sector was wrongdoings with the share money deposit by companies. Sometimes, company's sponsor-directors deposited funds as share money deposit to show increase of equity of the company to the banks to take large amounts of loans against the equity. After taking the loans, the sponsor-directors of the company withdraws funds deposited earlier as share money deposit, which is against the clause 59 of the Company Act. The guideline was issued with the aim of implementing effectively the definition of equity or capital as it is mentioned in the International Financial Reporting Standard accepted by the Financial Reporting Act 2015.

<https://www.newagebd.net/article/99399/frc-tightens-rules-on-converting-share-money-into-paid-up-capital>

Robi launches Voice over Long Term Evolution (VoLTE) for better services

- Robi yesterday introduced voice over long term evolution (VoLTE) technology to provide the 4G users of the telecom operator with enhanced audio, better data usage and improved service. VoLTE is an inter-protocol-based voice call technology which is specifically designed to ensure high-quality phone calls. Not only does the VoLTE provide high-quality voice services, it also significantly enhances an operator's ability to carry voice calls over their network. Robi users in Dhaka and Chittagong will be the first to enjoy the service as about 5,000 cellular towers equipped with VoLTE technology have been activated across the two divisions.

<https://www.thedailystar.net/business/news/robi-launches-volte-better-services-1867306>

Saudi Arabia to help build skilled workforce and invest in the energy sector

- The Kingdom of Saudi Arabia is interested in establishing a training institute in Bangladesh to help create more skilled workforce for recruitment to the Middle Eastern nation. Saudi Aramco, a national petroleum and natural gas company based in Dhahran, is also considering investing in Bangladesh's energy sector. Bangladesh is setting up 100 special economic zones which will require a tremendous electricity supply.
- A joint commission meeting is held every two years. However, to update and move forward with their plans for investment, a meeting between the two countries will be held every quarter. The Bangladesh team is comprised of officials from the ministries of finance, foreign affairs, commerce, expatriates' welfare, home affairs, agriculture, energy, education, ICT and fisheries. While representatives from other Saudi Arabian companies, such as ACWA Power and Al Bawani, are also featuring in the Saudi delegation. There are also other projects that Saudi companies are interested in and those will be discussed at the meeting.

<https://www.thedailystar.net/business/news/saudi-arabia-help-build-skilled-workforce-1867321>

<https://today.thefinancialexpress.com.bd/first-page/fm-seeks-saudi-investment-in-ezs-power-sector-1581531014>

Advance Income Tax (AIT) on import of 400 API chemicals withdrawn

- The National Board of Revenue has exempted payment of advance income tax on import of more than 400 chemical compounds by the local producers of active pharmaceutical ingredients (API) for four and a half years. Income tax wing of the revenue board on Wednesday issued a statutory regulatory order dated February 9 giving waiver to the API producers from payment of 5% AIT to facilitate production of the basic raw materials of pharmaceuticals industry.
- The exemption will be applicable to import of the technical grade and chemically pure chemical compounds meeting national and international standards which have been enjoying exemption from payment of customs duty. Importers will have to use the imported chemical compounds to produce API products at their factories or selling to other pharmaceuticals companies.

<https://www.newagebd.net/article/99400/ait-on-import-of-400-api-chemicals-withdrawn>

<https://www.thedailystar.net/business/news/import-exempt-advance-income-tax-1867318>
<https://today.thefinancialexpress.com.bd/first-page/ait-lifted-on-imports-of-400-api-chemicals-1581530869>

Surplus funds in banks hit BDT 1.0 trillion-mark, again

- Banks' excess liquidity has crossed the BDT 1.0 trillion-mark again, fueled by lower private credit growth in a sign that the investment situation has cooled. Surplus cash surged by nearly 19% to BDT 1,056.46 billion as on December 31, 2019 from BDT 889.50 billion three months before, according to the central bank's latest statistics. The amount was BDT 1,119.10 billion as on March 30, 2017.

- The country's banking sector has been saddled with excessive funds since the second quarter of 2019 as the private sector credit growth was slower, according to bankers. The amount rose to BDT 833.30 billion in the April-June period of the last calendar year from BDT 638.80 billion in Q1 of 2019. It was BDT 774.80 billion as on December 31, 2017.

- More than 65% of total liquid assets were invested in the government securities, known as unencumbered approved securities. The sector's credit growth fell to 9.83% in December 2019 on a year-on-year basis from 13.20% a year earlier, the central bank data shows. This growth was 3.37% points lower than the central bank's target of 13.20% for the first half of fiscal year 2019-20. Meanwhile, outstanding loans with the private sector rose to BDT 10,531.51 billion in December from BDT 9,588.51 billion a year ago. It was BDT 10,358.15 billion in November 2019.

<https://today.thefinancialexpress.com.bd/first-page/surplus-funds-in-banks-hit-BDT-10tn-again-1581530411>

Trade with China and mega projects won't be affected

- Bilateral trade with China and implementation of mega projects will not face any major hurdles if Bangladesh responds rationally to the coronavirus outbreak. Wuhan, the epicenter of the novel coronavirus, is the capital of Chinese Hubei province. Most of the raw materials used in Bangladesh's textile and garments industries, spare parts and medical equipment are imported from different provinces of China, not from Wuhan.

- The decline in bilateral trade in the recent times was mainly due to countrywide Chinese New Year holidays. Key Chinese people involved in the activities have already come back to Bangladesh. The Chinese government is tackling the epidemic with great capacity, full confidence, determination and high commitment.

<https://today.thefinancialexpress.com.bd/first-page/trade-with-china-and-mega-projects-wont-be-affected-1581531136>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|-------------|--------------|----------|
| Crude Oil (WTI)* | \$51.37 | +0.20 | +0.39% |
| Crude Oil (Brent)* | \$55.89 | +0.10 | +0.18% |
| Gold Spot* | \$1,573.21 | +7.15 | +0.46% |
| DSEX | 4,480.83 | +9.32 | +0.21% |
| Dow Jones Industrial Average | 29,551.42 | +275.08 | +0.94% |
| FTSE 100 | 7,534.37 | +34.93 | +0.47% |
| Nikkei 225 | 23,875.75 | +14.54 | +0.06% |
| BSE SENSEX | 41,565.90 | +349.76 | +0.85% |

Exchange Rates

USD 1 = BDT 84.94*
 GBP 1 = BDT 110.05*
 EUR 1 = BDT 92.33*
 INR 1 = BDT 1.19*

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

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