Crest Securities calls it quits

Clients to be repaid through sale of company's broker licence and assets

STAR BUSINESS REPORT

The recent turmoil faced by clients of Crest Securities, a brokerage house of the Dhaka Stock Exchange (DSE), will be solved by selling the company's broker licence and assets, said DSE Managing Director Kazi Sanaul Hoq.

After Crest Securities closed down its head office and all other branches without prior notice last week, neither investors nor the country's premier bourse could communicate their concerns with the firm's managing director, Md Shahid Ullah, or any other senior official.

"We have already frozen shares and mutual fund units, totaling Tk 82 crore in value, of more than 21,000 investors who traded through the brokerage house," Hoq said.

However, investors are still allowed to trade their securities through linked accounts with any other brokerage firm.

The DSE managing director made these comments during an online press briefing.

Many shares were traded through the company but investors did not get their due returns.

Therefore, investors should inform the DSE of how much money is owed to them by Crest Securities so that the DSE can repay those clients after the company's broker licence and assets are sold, Hoq said.

Crest Securities' dealer account does not contain a significant amount of funds. However, the brokerage firm owns a stake with the DSE.

So, investors should not be concerned as the premier bourse will repay what is owed by selling these shares, according to Hoq.

Banks that previously provided financing to the managing director of Crest Securities have no authority to lend against the shares and have already been duly informed in this regard, he added.

The brokerage firm's financial condition seemed relatively stable as it did not even have a deficit in its consolidated account for the month of May, making the company's sudden collapse totally unexpected.

"We took steps after learning about the lack of communication between Crest Securities and its clients. As such, we informed the police force to prevent officials from the company from leaving the country," said Hoq.

Besides, the DSE asked the central bank to freeze over 10 accounts linked to the company.

This unforeseen incident will have a broader negative impact on the confidence of general investors. Therefore, the DSE is taking the situation seriously and will continue to focus on it until resolved, Hoq said.

"If we had known earlier that their client's cheques were dishonoured by the brokerage house, we could have taken action sooner. So, if any, there remains to be investors who have had their cheques dishonoured as such, they should inform the DSE," he added.

Bashundhara takes lease of land in Mongla to make cement bags

STAR BUSINESS REPORT

Bashundhara Industrial Complex has taken lease of 16 acres of land at Mongla economic zone with plans to establish a factory to meet its demand for cement bags and afterwards an oil depot.

Sayem Sobhan Anvir, managing director of Bashundhara Group, and John Haque Sikder, group director of PowerPac Economic Zone, signed the agreement at Pan Pacific Sonargaon Dhaka yesterday, says a press release.

Bashundhara Industrial Complex deals with cement manufacturing while PowerPac Economic Zone is a concern of Sikder Group which got a licence to run the zone for 50 years under public private partnership with Bangladesh Economic Zones Authority (Beza).

The zone is one kilometre away from the Mongla port and another 20km from the proposed Khan Jahan Ali Airport in Bagerhat.

Various infrastructure development activities at a cost of over Tk 300 crore are ongoing at the zone.

Paban Chowdhury, executive chairman of Beza, was present.

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Sayem Sobhan Anvir, managing director of Bashundhara Group, and John Haque Sikder, group director of PowerPac Economic Zone, signed a land lease agreement at Pan Pacific Sonargaon Dhaka yesterday.

Unilever buys 82pc stake in GSK's health food division in Bangladesh

STAR BUSINESS REPORT

Unilever bought more than 82 per cent stakes in GlaxoSmithKline's health food and drinks business in Bangladesh from Setfirst yesterday through the block market in its push to further its footprint in Asia's fast-growing economies.

The block market is a platform of a stock exchange where a large number of securities are traded in a single transaction at a negotiated price.

Some 9,875,144 shares of GSK Bangladesh were traded on the block market worth Tk 2,020.75 crore at Tk 2,046.30 each, data from the Dhaka Stock Exchange showed.

The remaining 18 per cent shares are held by general investors and institutional investors. Of them, institutional investors own 15.53 per cent share, general investors 2.12 per cent and foreign investors 0.37 per cent as of February 29 this year, according to the DSE.

Setfirst, one of the corporate directors of the multinational company, expressed its intention to sell its entire holding of 98.75 lakh shares to Unilever Overseas Holdings BV in compliance with the stock market regulator, the company said last week on the DSE website.

When the primary agreement was inked in 2018, GSK's stock was trading at Tk 1,084, but it traded Tk 2,110 yesterday.

Unilever is also purchasing GSK's entire health food and drinks portfolio in India as well as in 20 other Asian countries for about $3.74 billion, after it fought off competition from rivals Nestlé and Coca-Cola.

In April, Unilever announced that Hindustan Unilever Ltd (HUL), India's largest fast-moving consumer goods company and Unilever's listed subsidiary in India, successfully completed the merger of GSK Consumer Healthcare Ltd with HUL.

The merger was in line with the company's strategy to evolve the foods and refreshment portfolio into higher growth segments, it said then.

GSK is a science-led global healthcare company with a broad range of innovative medicines, vaccines and consumer healthcare products.

The history of GSK Bangladesh goes back to almost seven decades, and following a number of mergers and acquisitions, GSK Bangladesh, a subsidiary of the British multinational company GSK Plc, started its journey in 2002.

GSK Bangladesh's products include nutrition and oral healthcare products, led by brands like Horlicks and Sensodyne. The consumer healthcare business delivered a compound annual growth rate of 6.8 per cent in the last two years.

However, the British multinational shuttered its 60-year-old pharmaceuticals business in Bangladesh in 2018. The pharmaceuticals unit, based in Chattogram, incurred losses in the previous five years, much to the concern of the GSK Bangladesh board.

With a view to preventing further losses, the board decided to bring down the curtains on the business.

GSK continued to outperform competitors in both health food drinks and toothpaste, with the company's share increasing to 95.8 per cent in the health food drink category, a gain of 0.3 per cent over 2017. The share of GSK traded 3.11 per cent, or 63.7 points, higher on the DSE yesterday, helping the market end in positive territory.

Budget failed to prioritise hygiene: analysts

STAR BUSINESS DESK

The government should prioritise hygiene as a vital tool of public health and epidemic preparedness, and invest in large-scale nationwide hygiene campaign, said Hossain Zillur Rahman, executive chairman of Power and Participation Research Centre, yesterday.

He also stressed the need for installation of public handwashing points with soap and water.

Rahman spoke at an online press conference co-organised by WaterAid, UNICEF, Power and Participation Research Centre (PPRC), FANSA-BD, WSSCC,B, FSM Network, Sanitation and Water for All, and WASH Alliance.

He also recommended immediate realisation of the recommendations made by the network earlier this month.

Block fund kept in health budget of Tk 10,000 crore may be used for implementation of immediate handwashing stations across Dhaka city and slum areas to provide hygiene facilities for the poor to fight Covid-19, said WaterAid Country Director Hasin Jahan.

Analysts at the discussion said the proposed national budget for fiscal year 2020-21 fell short of prioritising hygiene as a key issue to prevent the spread of Covid-19.

Maintaining progress towards the sustainable development goals will also be hindered because of the insufficient allocation for hygiene sub-sector, they said.

Progress towards SDGs will be hindered due to insufficient allocation for hygiene

The Covid-19 has vividly embodied the necessity of required national budget to meet the challenges in health and water, sanitation and hygiene (WASH) sector, the experts said.

It has created a strong urge to improve the country's water, sanitation, and hygiene situation but the proposed budget has not considered a robust allocation and mechanism to meet the need, according to a statement.

The steady growth and upward trend in allocation for WASH by PPRC is praiseworthy, as the proposed budget recommended setting aside Tk 12,227 crore in fiscal year 2020-21, up from Tk 10,796 crore in the previous year, the analysts said.

Following the legacy of previous years, the low attention in hygiene is also notable in FY 2020-21 with less than 5 per cent allocation in hygiene sub-sector of the WASH budget while budget distribution remained skewed toward urban areas.

Spatial inequities between urban and rural areas remain constant as cities and towns continue to receive most of the funding at the expense of rural, char and hard-to-reach areas, despite acute needs.

The country is passing through an extraordinary period tackling the coronavirus pandemic.

At a time like this, budget formulation in the face of declining rates of GDP growth, revenues, international trade and external remittance makes it a challenge to support the growing demand for healthcare and hygiene awareness activities.

An upfront and realistic budget reflecting economic and financial costs of the pandemic is needed, reflecting the government's approach to not only fight the virus but also contain the loss of lives and livelihoods.

The proposed budget is falling short in meeting the ground level realities, the experts said.

A study presented at the event reflected the gap of deliveries between urban and rural areas, which is widening over the years.

It also revealed that in five years' period there happens to be almost no change in shares of urban (80-83 per cent) and rural (17-20 per cent) allocation.

Collective efforts key to fighting pandemic

SAZZADUL HASSAN

The deadly coronavirus has started to take an outrageous toll. More than nine-and-a-half million people across the globe have been infected while nearly half-a-million people unfortunately lost their lives to the disease.

The real danger though is that nobody really knows what the depth and breadth of the coronavirus fallout will be like.

COVID-19 has not limited itself to just taking lives but is also severely impacting people' livelihoods.

In a bit to curb the rising number of coronavirus cases, governments worldwide various restrictions on public movement. Subsequently, all economic activities were halted in countries under lockdown.

As a result, unemployment rates shot through the roof as a significant portion of self-employed individuals and small business owners have already lost or are on the verge of losing their hope to survive the recent economic downturn.

According to the World Bank (WB), this is the worst global economic recession in decades.

By the end of 2020, the global economy is expected to contract by 5.2 per cent while advanced economies are projected to shrink by 0.7 per cent and emerging economies will shrivel by 2.5 per cent.

However, the WB warns that if the pandemic does not subside, leading to prolonged restrictions on movement, then the recession could be even worse and global economic growth could shrink by up to 8 per cent.

As witnessed in different parts of the world, economic activities have slowly started to resumes and if the momentum keeps going, the global economy can be expected to bounce back in 2021 with a modest growth of 4.2 per cent.

Due to the ongoing pandemic, businesses have been badly hit as many firms have been forced to minimize their operations while others have closed up shop entirely.

The coronavirus fallout had a particularly severe impact on certain sectors, specifically the service industry which includes hotels, transportation and entertainment. The manufacturing sector also felt the full brunt of the pandemic.

Global trade is also expected to plummet this year as more than 436 million enterprises worldwide not face the risk of serious disruptions in the supply chain.

These enterprises are operating in the hardest-hit economic sectors, including some 232 million in wholesale and retail, 111 million in manufacturing, 51 million in accommodation and food services, and 42 million in real estate and other business activities.

Due to the damage done by the virus so far, there has been a considerable rise in unemployment and layoffs.

According to the International Labour Organization (ILO), roughly 195 million jobs are expected to be lost in 2020.

However, most of these occupations belong to people working in organised sectors. Therefore, if the number of people who might lose their jobs in the informal sector was tallied, the actual figures would be staggering.

The ILO further warns that the 1.6 billion workers in the informal economy, which makes up nearly half of the global workforce, is in immediate danger of having their livelihoods destroyed.

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As the pandemic and the employment crisis evolve, the need to protect the most vulnerable becomes even more urgent.

In most crisis situations, there is almost always widespread panic, however, the only thing the world needs to survive one of the biggest disasters it has ever seen is compassionate leadership and collective efforts.

World leaders must keep in mind that the ongoing pandemic is a global challenge and that is why no individual country or region should have to face this crisis alone.

Evert corner of the globe is interconnected these days and therefore, individual countries are unable to survive in isolation. This begs the questions, what should the world leaders do now and how.

The top priority for any nation is to contain the disease but to do that, a global emergency fund needs to be established to foster the research and development of a vaccine. This initiative needs to be driven by a globally recognised organisation in the field, such as the World Health Organisation (WHO).

Both private and public medical research institutes across the planet are currently making individual efforts to secure a vaccine but instead, they should all pool their resources to expedite the process.

Obviously, businesses should do their part as well by providing logistical support for the research.

Once the vaccine is developed, the next immediate task would be to produce nearly seven-and-a-half million vials to inoculate the global population.

This is no easy task though as the WHO needs to assess whether it is even feasible to produce such large quantities of a potential vaccine in a short span of time.

If it turns out that the production capacity does indeed to be expanded, then it would seem optimistic to only rely on businesses to sort the matter.

The other issue is keeping the cost of vaccination to a minimum so that that everyone will be able to afford it.

If required, governments should be able to distribute the vaccine free of cost among the marginalized. To distribute vaccines to the more remote parts of globe will also be a challenging task that requires proper planning and preparation.

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