

Pran Agro gains financial closure of \$25m bond

STAR BUSINESS DESK

Pran Agro has achieved financial closure of a Tk 2,100 million (\$25 million) non-convertible, redeemable bond, with credit guarantee from GuarantCo and fully subscribed by MetLife Bangladesh.

Financial closure is defined as a stage when all the conditions of a financing agreement are fulfilled prior to the initial availability of funds. The development came about on May 19.

Proceeds of the seven-year fixed coupon bond will be used to develop critical infrastructure in the agricultural supply chain and support the company's expansion

plans in local and export markets, says a press release.

Rated AA- by Fitch and A1 by Moody's, GuarantCo is a part of Private Infrastructure Development Group.

Green Delta Insurance Company acted as the bond trustee and security agent to the issue while independent Bangladesh-based merchant bank Riverstone Capital acted as financial advisor to Pran Agro and arranger to the issue.

The agricultural and food processing company, a sister concern of Pran-RFL Group, is working with 1,00,000 registered contract farmers and employs 110,000 people.



Shamima Akhter, head of corporate affairs, partnerships and communications of Unilever Bangladesh, handed over products as Covid-19 relief support to Air Commodore M Moyeenuddin, director general of Sena Kalyan Sangstha's welfare division, at the latter's head office in the capital recently.

National Housing Finance gets new MD

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The National Housing Finance and Investments yesterday witnessed the appointment of a new managing director for three years.

The appointee, Mohammad Shamsul Islam, had already been serving as additional managing director since February 2021, says a press release.

The Board of Directors made the appointment upon the retirement of the immediate past managing director.

Islam was previously deputy managing director of Global Islami Bank since May 2017. He started his career with AB Bank as a probationary officer in 1989 on obtaining an MBA degree in banking from the University of Dhaka.



Mohammad Shamsul Islam

Investors lap up Zomato's India IPO with bids of \$46b

REUTERS, Mumbai

A stock offering by Indian food delivery startup Zomato drew bids worth US\$46.3 billion as it was more than 38 times oversubscribed on Friday, signalling investors were bullish about the fast-growing sector.

The \$1.3 billion IPO of Zomato, which is backed by China's Ant Group, was the first in India's food delivery sector. It was priced at 72 to 76 rupees per share, giving it a valuation of up to \$7.98 billion.

Big institutional investors also placed major bets, with the subscription for their category at 52 times the shares on offer, stock exchange data after subscriptions closed on Friday showed.

"There is insane demand and a lot of excitement," said Jimmeet Modi, founder of Indian brokerage Samco Securities. "Retail investors are looking at this from a listing gains point of view."

Investors are placing bets on Zomato even though it flagged in its IPO draft prospectus that its costs and losses would continue to rise as it ramps up investments.

Before the IPO opened this week, Zomato raised \$562 million from 186 big financial investors, including marquee names such as Tiger Global, BlackRock, JPMorgan and Morgan Stanley. The Zomato IPO comes when India's markets are near their all-time highs and there is growing interest from digital companies to list on bourses.

Alibaba-backed financial payments app Paytm on Friday filed draft papers in India for a \$2.2 billion IPO, while Walmart's e-commerce giant Flipkart is also planning one.

Just like US-based DoorDash, Zomato is mainly a food delivery app, having partnered with 350,000 restaurants and cafes in 526 Indian cities. It also allows customers to book tables for dining-in, write food reviews and upload photos.

Zomato competes with local rival Swiggy, which is backed by Softbank, and Amazon's still nascent food delivery service in a food delivery market that Boston Consulting Group expects will touch \$8 billion by 2023, from just \$4 billion last year.

The Zomato app has 41.5 million customers using its service on an average every month, and orders on its platform surged to 403.1 million in the year 2019-2020, from just 30.6 million in 2017-2018, its draft IPO prospectus showed.

US regulators to meet tomorrow to discuss stablecoins

REUTERS

US Treasury Secretary Janet Yellen announced on Friday that she will meet with regulators next week to discuss "interagency work" on stablecoins, a rapidly growing class of digital currencies that is facing growing scrutiny from policymakers.

The President's Working Group on Financial Markets will meet on Monday with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation to go over the benefits and risks of stablecoins, a form of cryptocurrencies that are pegged to more traditional assets, including fiat currencies such as the dollar.

"In light of the rapid growth in digital assets, it is important for the agencies to collaborate on the regulation of this sector and the development of any recommendations for new authorities," Yellen said in a statement, noting it was important for regulators to assess the potential benefits of stablecoins while also "mitigating risks they could pose to users, markets, or the financial system."

Stablecoins and other digital payments options are receiving more attention from lawmakers, Federal Reserve officials and other policymakers as new options emerge and gain traction.

Fed Chair Jerome Powell told lawmakers during congressional hearings this week that stablecoins are "growing incredibly fast" but pointed to their lack of appropriate regulation



US Treasury Secretary Janet Yellen testifies before the Senate Appropriations Subcommittee on Financial Services about the FY22 Treasury budget request on Capitol Hill, in Washington, DC, US on June 23.

as a point of concern.

"If we're going to have something that looks just like a money-market fund or bank deposit... we really ought to have appropriate regulation and today we don't," Powell said.

US Senator Elizabeth Warren sent a letter to Securities and Exchange Commission (SEC) Chair Gary Gensler last week asking him to address the risks the cryptocurrency market poses to consumers and financial markets.

And last month, Boston Fed president Eric Rosengren called the name stablecoins a "misnomer," adding that they can be volatile and may pose financial stability risks.

The Fed is in the process of evaluating the digital payments universe to determine if it should issue a central bank digital currency, known for short as CBDCs.

Powell said this week that one of the strongest arguments in favor of a CBDC is that it could lessen the need for multiple stablecoins or cryptocurrencies, but he made it clear it is not certain that the Fed will be moving in that direction.

RMG buyers putting work orders on hold

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"It (imposing lockdown) will be the biggest disaster in our industry," Uddin told The Daily Star over the phone.

Many buyers have already been following a go-slow policy regarding placement of work orders considering the possible imposition of lockdowns, although they were not yet cancelling those already made, said Uddin.

The months of July and August are also very important for two critical reasons, he said.

This is the peak season for sending goods for the upcoming winter season and Christmas sales and for placing work orders for the next summer season, said Uddin who has also been struggling to revive his business from losses incurred last year.

There is a possibility of a portion of work order getting shifted to other countries if the local suppliers cannot cater to those timely and properly, he said.

"It will be difficult to bring back the work orders if those are diverted from here to other countries for any reason," Uddin also said. "Both we and the buyers are very much worried," he said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the platform of apparel makers and exporters, echoed Uddin.

He said many international retailers and brands have been either sending messages or making phone calls and sending mails to know what would happen over the lockdown as they were very worried about their supply of goods.

"No buyer has cancelled work orders up until now as no BGMEA member has complained about it. However, a lot of the members have been complaining to me about the placement of work orders by the international retailers and brands," he said.

For instance, buyers who were supposed to place orders for one million pieces of t-shirts are now seeking half of it as uncertainty prevails over production due to the upcoming lockdown, he said.

Although the buyers were not cancelling work orders up until now, if uncertainty prevails, the situation might prompt them to go for cancellations in the near future, said Hassan.

He said he has been lobbying with the government high-ups over the past three days to keep garment factories out of the purview of the lockdown for maintaining smooth operations of the supply chain of apparel items in the peak season, he said.

Particularly, if the buyers lose their confidence in Bangladesh, it will be very difficult to restore it, he added.

Abdul Kader Khan, president of the Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association (BGAPMEA), said most of the garment workers were from northern districts.

They could turn into carriers of the virus if they are allowed to travel to their village homes, he said.

Shahadat Hossain Sohel, chairman of the Bangladesh Terry Towel & Linen Manufacturers & Exporters Association (BTTLMEA), said all hotels in Europe and the US have reopened.

"They need a lot of towels and this is peak season for the shipment of towels, he said. "We will be losers if we cannot supply towels to them timely," he also said.

If the factories cannot run, the garment suppliers will have to face expensive air shipments for which many will be affected badly, Sohel said.

Freight charges have reached abnormal highs, with the cost of sending a kilogramme (kg) of garments from the Chattogram port to London now being 36 cents. It used to previously cost nearly 20 cents.

But sending each kilogramme of goods by aircraft from the Dhaka airport to London currently costs \$4.30.

The rates will go even higher if the international retailers and brands want to get goods within the time they have set, he said.

No factory owner is capable of bearing the cost of expensive air fares in the time of pandemic, which has already affected the global supply chain badly, Sohel said.

Leaders of trade bodies of the garment and textile sector in Thursday's joint statement to Prime Minister Sheikh Hasina and the cabinet secretary said Bangladesh's garment export would lose out \$119.38 million per day if the factories were shut down for any reason.

On the first 14 days of the current fiscal year, the earning from the garment sector is estimated to be \$1.68 billion, they said.

China puts controlling stake of revamped Anbang on the block for \$5.2b

REUTERS, Shanghai

Two Chinese state investors plan to sell a combined 98.78 per cent of their stakes in Dajia Insurance Group, the revamped entity of embattled Anbang Insurance Group, for 33.6 billion yuan (\$5.19 billion), according to an auction filing on Friday.

China Insurance Security Fund Co Ltd, the state rescue fund for the insurance sector which is controlled by the Ministry of Finance, aims to auction all of its 98.23 per cent stake in Dajia for 33.38 billion yuan.

China Petrochemical Corp is auctioning its 0.55 per cent stake in Dajia for 186.9 million yuan, according to an auction statement filed to the Beijing Financial Assets Exchange.

The auction will end by Aug. 12.

The move marks the latest development in the restructuring and divestiture of Anbang, which appears to have stalled since February 2020, when the country's top banking and insurance watchdog said Dajia "was close to a decision on a batch of strategic investors" and "would remain privately owned".

The Chinese government took control of Anbang Insurance Group in February 2018 as part of its sweeping campaign to reduce systemic financial risk after an asset-buying spree by a handful of private-sector conglomerates.

It finished running Anbang in 2020, and handed over Anbang's management to Dajia, a newly established entity that took over Anbang's assets.

Chorus of complaints about e-commerce firms

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The second-highest number of complaints was lodged against Daraz, a subsidiary of Chinese e-commerce behemoth Alibaba.

There were 1,029 complaints against the top e-commerce platform during the three-year period. However, the settlement rate is 92 per cent as it resolved 945 complaints.

"It is important to recognise that the number of complaints is only 0.2 per cent compared to the total number of orders received by Daraz," said Shayantani Twisha, head of public relations, media and communications at Daraz Bangladesh.

A high percentage of complaints are filed because the customer is not aware of the terms and conditions of Daraz, and as a result, they fail to understand the already established convenient procedure for the resolution of customer issues, she said.

"In most cases, they directly make complaints with the DNCRP before raising the issue with Daraz Customer Care. When a case is being dealt at the DNCRP, the customers are often satisfied when they are informed about the conditions of Daraz."

Alesha Mart had the lowest complaint settlement rate at 10 per cent. It resolved one out of 10 complaints made at the directorate. It is one of the e-commerce platforms

with which some banks have suspended card transactions.

The settlement rate of Dhamaka Shopping stands at 26 per cent. The Criminal Investigation Department has recently written to the Bangladesh Bank to seize the bank account of the e-commerce company.

Other e-commerce companies with a lower settlement rate are Falguni (73 per cent) Adyan Mart (49 per cent), eorange (65 per cent) and Nirapod (56 per cent). Police arrested Nirapod CEO Shahriar Khan for allegedly embezzling customers' money last week.

According to the directorate, there are some reputed e-commerce platforms with a lower settlement rate.

The number of complaints raised against priyoshop.com was 562, with a settlement rate of around 74 per cent.

Priyoshop.com serves an average of 1.5 lakh orders per month. "So, 500 complaints in three years are less than 1 per cent," said Rabiul Islam, head of strategic growth and partnership of the company.

"However, we would undoubtedly have been happier if the number had been lower."

Foodpanda, the top food delivery platform in Bangladesh, did not do well when it comes to addressing customers' grievances as it had a resolution rate of 84 per cent.

Some 269 complaints were made against the company, and it resolved 225 complaints.

"We take every complaint seriously, and try to resolve their issues as fast as we can," the company said in a statement. Chaldal, the largest grocery delivery platform, sorted out 89 per cent of the 183 complaints during the three-year period.

"We are ready to resolve every complaint. We deliver 95 per cent of the orders on the same day or the next day after the orders are placed," said Waseem Alim, chief executive officer of the firm.

Uber topped the list of the firms in terms of resolving complaints, with the settlement rate standing at 99 per cent, followed by Pathao (96 per cent).

The other platforms that fared well are AikerDeal (94 per cent), Shohoj (92 per cent), Othoba (90 per cent), and Bikroy.com (93 per cent).

DNCRP's Saha said customers had some responsibilities too.

"They need to be cautious while ordering products online. They should know about the business policies of the companies," he said, adding that the directorate had taken various steps to raise awareness among the consumers.

BTMA denounces rumours over textile safety compliance

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"The QIMA, a Hong Kong-based supply chain compliance solutions provider, recently ranked Bangladesh's garment sector as second in ethical manufacturing," Hossain said.

The globally trusted McKinsey & Company also praised the country's garment sector for its transparency, he added.

Still, a section of critics are passing negative comments that are damaging the image of the local garment sector, said the BTMA statement.

Trade thru Hili port suspended this week

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However, trade already undergoing processing at the port will continue, said Sohrab Hossain, public relations officer of Hili Panama Port Link, the port's private operator.

Immigration services will be available for incoming travellers, said Sekendar Ali, in-charge of the Hili immigration check-post.

KSRM faces Tk 231cr VAT evasion charge

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"A written explanation will be sought from the company very soon," Mohammad Akbar Hossain, commissioner of the VAT commissionerate, told The Daily Star.

"If they fail to provide valid documents, we will impose a penalty equal to the amount evaded as well as interest as per rules," he added.

"We have not been informed of any VAT evasion incident by KSRM from the VAT commissionerate office,"

Samsul Haque, director (corporate) of the KSRM Steel Plant, told this newspaper.

"A team of VAT officials conducted a raid in our factory last June but they did not make any contact with us since then," he said.

"If there has been any revenue evasion, we are obliged to pay but before that we should have been given a chance to defend ourselves," he added.

"We trying to communicate with the commissionerate office and nothing can be said before that," he said.

Bangladesh's steel industry sales amount to some Tk 55,000 crore annually.

There are about 40 active manufacturers with a combined capacity to produce nine million tonnes of steel a year.

Of them, KSRM and three others meet more than half of the annual demand of eight million tonnes.

bKash no longer with Evaly, 9 others

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"We are working closely to implement regulatory guidelines of payment system for e-commerce," said Shamsuddin Haider Dalim, head of corporate communication at bKash.

"In the meantime, to protect customers' interests, the payment gateway service of bKash has been temporarily suspended for few merchants. When the payment system is implemented in compliance with the regulatory guidelines, bKash Payment service will be launched again."

Earlier, some private banks suspended card transactions with a number of online merchants as many clients of the lenders have recently alleged that they have not received their products on time despite having made advance payments to the e-commerce platforms.

In some cases, the clients made payments several months ago but failed to get their products as per the commitment given by the e-commerce platforms.

Meanwhile, the commerce ministry earlier in the day agreed in principles that the local e-commerce companies will not get the payment until and unless the goods are delivered to the buyers.