

# Marico Bangladesh staying ahead of the curve

AHSAN HABIB

Parachute Coconut Oil: one product by which Indian fast-moving consumer goods brand is almost synonymous with.

So much that almost 70 per cent of Marico Bangladesh's revenue came from this product alone, according to its latest annual report.

The problem with such heavy dependency on one product is that it leaves the company vulnerable to the vagaries of consumers. If one fine day they decide they had enough with the product, they will simply jump ship, leaving the company in a delicate situation.

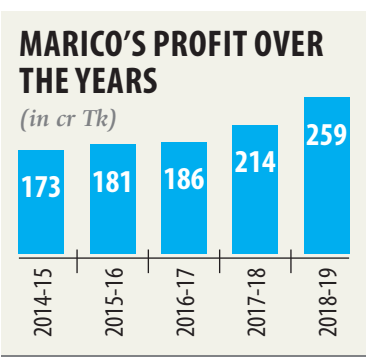
Marico Bangladesh, perhaps, is sensing such a situation, which is why it shelled out Tk 30 crore to roll out a male grooming product line by the moniker of Studio X in order to diversify its product base.

The line, which was launched last week, currently consists of shampoo, face wash and hair gel, all made in Bangladesh.

Bangladesh's male grooming market is now worth Tk 100 crore but it has the potential to grow further.

With a younger and more connected generation, today's male consumer segment is more aware than ever of their appearance and have differentiated grooming

PRODUCT	GROWTH
Parachute Coconut Oil	4.22%
Parachute Advanced + Nihar Naturals hair oil	39.97%
HairCode hair dye	14.85%
Saffola edible oil	108.07%
Parachute Body Lotion	-27.31%
Others	19.58%



needs, said Ashish Goupal, managing director of Marico Bangladesh.

"We introduced our international male grooming range in Bangladesh, to cater to today's style-conscious men of Bangladesh," he added.

Marico Bangladesh's foray into the male grooming arena though excited the stock market: its share price advanced 2.51 per cent over the course of the week to close at Tk 1,713 yesterday.

FMCG industry insiders said male grooming is on the rise globally and the movement will catch on in Bangladesh due to multiple factors: a growing economy, a young population, the desire to look their best and aspiration to latch on to global trends.

"It is a good sign to see when a company goes for product and turnover diversification," said

Mir Ariful Islam, research head of Prime Finance Asset Management Company.

This is good for the future of Marico Bangladesh because a single product-led company may face trouble any time.

"Already the company is bringing in many new brands and getting results too," he added.

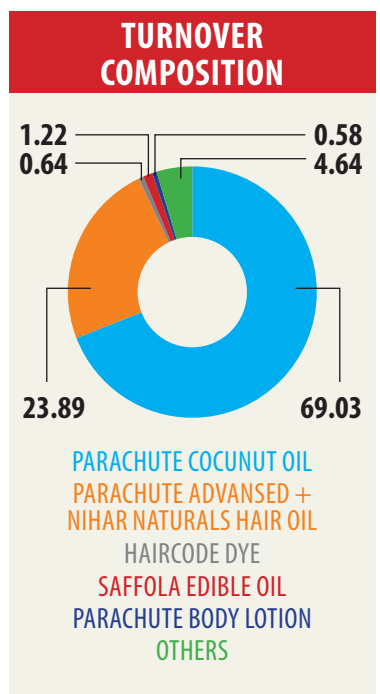
Today, Marico Bangladesh has a portfolio of 24 brands in the personal care and food categories.

The company's flagship brand, Parachute, has maintained its leadership position and now holds the highest ever market share in the branded coconut oil category.

On the other hand, its value-added hair oil portfolio, consisting of Parachute Advanced and Nihar Naturals, has shown robust growth and now contributes 36 per cent to its business turnover.

The company's revenue growth was 12.2 per cent and profit growth 23.2 per cent in its last financial year, which ended in March 2019. Marico Bangladesh provided 600 per cent cash dividend to shareholders.

Marico's earnings per share was Tk 67.88 in the first three quarters of the current financial year, up from Tk 49.39 a year earlier. The company announced 300 per cent interim cash dividend too.



# Narrative of Bangladesh has changed for the better

Says Wahiduddin Mahmud at the 5th SANEM Annual Economists' Conference

STAR BUSINESS REPORT

The narrative of Bangladesh has changed from 'basket case' to a 'development surprise', but achieving sustainable socioeconomic progress in future will prove to be increasingly difficult without huge changes in the current governance environment, said noted economist Wahiduddin Mahmud.

"The experience of successful developing economies shows that sustained progress can be achieved only with a governance system based on strong state institutions and in-built mechanisms to ensure efficiency and accountability at all levels of state machinery," Mahmud said at the 5th SANEM Annual Economists' Conference (SAEC) yesterday.

This applies irrespective of whether the ruling regime is autocratic or dominated by one major political party or is based on multi-party democracy, Mahmud said in his keynote speech.

The two-day event, organised by the South Asian Network for Economic Modelling (SANEM) at the BRAC Centre Inn, was inaugurated by Planning Minister MA Mannan.

While ruling regimes are obliged to seek legitimacy through the delivery of their many welfare promises, this is done within the limits of an adverse governance environment, characterised by widespread corruption and patronage politics, said Mahmud, a former economics professor at the University of Dhaka.

Bangladesh is now poised to graduate

from the least-developed country bracket.

The overall governance environment may barely be enough to cope with this transition but it may ultimately prove to be a barrier to modernisation, global integration and poverty reduction.

Managing a well-functioning globally integrated economy requires a governance system that is based on professionally competent and well-sourced government agencies that can identify and analyse problems, work out solutions and monitor implementation promptly and with enough information.

He went on to state that there is no excuse for failing to reach international standards in aspects such as air traffic control.

Citing the socioeconomic gains that Bangladesh has achieved, he also said that a number of the country's accomplishments such as decreased cases of diarrhoea was achieved by adopting low-cost solutions.

However, continued progress may increasingly depend on larger public social spending and improved service delivery systems.

Mahmud, now chairman of the Economic Research Group, Dhaka, also spoke about unethical practices.

There are large-scale maleficent activities driven by illegal economic gains.

He cited the stock market scam or the wilful defaulting of bank loans, which are beginning to shake the confidence of depositors in financial institutions.

Money laundering occurs as a result of capital flight or unlawful grabbing of land.

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# US offering credit guarantee to import its agriculture produce

STAR BUSINESS REPORT

The US is offering favourable terms to hook foreign companies towards its agricultural produce as part of the Trump Administration's push to increase exports.

An increasing number of American farmers struggled to make ends meet in 2019 as trade tensions added to a range of growing challenges in the sector, from severe weather to low commodity prices.

There were 595 Chapter 12 farm bankruptcies filed last year, according to court filings reviewed by the American Farm Bureau, up 20 per cent year-on-year.

To encourage financing in Bangladesh to purchase American agricultural products, the US will provide credit guarantee under a scheme, said the US Department of Agriculture (USDA) in a seminar organised in cooperation with the Association of Bankers, Bangladesh (ABB) at the American Centre in Dhaka yesterday.

Bangladesh is one of the 130 countries eligible for the programme.

By reducing financial risk to lenders, credit guarantees encourage exports to importers in countries -- mainly developing countries -- that have sufficient financial strength to have foreign exchange available

for scheduled payments, the USDA said.

The programme will facilitate stronger agricultural trade with Bangladesh, said JoAnne Wagner, deputy chief of mission of the US embassy in Dhaka.

"Bangladesh is already a top export market for US agriculture and there is clear potential to expand our trading relationship even further to the benefit of both countries. This programme will help us do so."

The country is already the 13th largest market for US soybean and 6th largest market for US cotton, according to Wagner. In return, Bangladesh exports garment to the US, which is the sector's single biggest export destination.

"We think there is great room for cooperation between the two countries in the agricultural sector and the export credit guarantee programme is created to help us realise that kind of potential. This programme can reduce the financial risk associated with trading," she added.

The credit guarantee scheme benefits US companies, financial institution in importing countries and importers, said Maria R Dorsett, agricultural marketing specialist at the USDA.

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PALASH KHAN

People walk past Mohammad Munna Moral, who helps others to open bank accounts of Dutch-Bangla Bank. A university student, Moral opened around 300 accounts in the last six months. He will receive a portion of earnings of the accounts. The picture was taken from the footpath in front of Tejgaon Government Girls' High School in Dhaka yesterday.

# A Chuadanga market just for patali gur

Date palm concentrate generating Tk 25cr seasonal sales

AMANUR AMAN, from Chuadanga

It's a distinct sugary sweetness hanging in the air that gives away what's in store at Sarojganj Haat. Sitting Fridays and Mondays year-round, the market is now bustling and bustling with activity from noon and into the night. Traders sit surrounded by thillas (clay pots) and dhamas (rattan baskets), all filled with a single product that draws thousands from far and near, much like bees to honey. It's the peak season for patali gur (molasses from date palm sap).

The market sits right at the centre of Chuadanga district, home to some 2.5 lakh date palm trees. Tapping for its sap is conducive only in winter, meaning the practice of heating the sweet drink to the sucrose concentrate goes on for just around three months.

A healthy tree generates around 12 kilogrammes of sap every season. The concentrate goes for Tk 80,000 to Tk 85,000 per tonne, which the Department of Agricultural Extension (DAE) believes enables seasonal sales of Tk 24 to Tk 25 crore at the market in Kutubpur union.



AMANUR AMAN

Sarojganj Haat sits Fridays and Mondays year-round in Chuadanga's Kutubpur union.

This year around 3,000 tonnes of the molasses are expected to be produced in the district, a 400-tonne increase from that last year.

This year the influx of buyers and traders has caused the market, the size of a football field, to spill over to an adjacent school's playground.

Customers go round scrutinising the molasses, available as a gooey liquid and in a more concentrated form of solid bars.

The thillas are in 10 kg and 15-16 kg capacities, going for Tk 800-850 and Tk 1,200 respectively while the solid molasses sell for Tk 120-130 per kilogramme. When both sides

settle on a price, the containers are taken to one side of the market and marked so as to make it easy to quickly find it later.

The flow of cash prompts people to purchase small household items at the market for family members back home. The mood is festive, made more enjoyable by vendors selling cakes made from the sap and molasses.

Mobarak Hossain of Sarojganj village was content with the market prices. A wholesaler, he had taken lease of 200 date palm trees this year. "Demand for Sarojganj's molasses is increasing every year," he said.

Ali Hossain Zilani came from Manikganj to make his annual purchases. He goes on to sell those in different markets in Dhaka. "Chuadanga molasses have good demand in Dhaka's market," he said.

Stating that Chuadanga's soil and weather are favourable for producing the molasses, Ali Hasan, deputy director of the DAE in Chuadanga, said they would boost production by encouraging plantations and ensuring hygiene.

# New promise for stocks

Seven state-run firms to be brought into the market: finance minister

STAR BUSINESS REPORT

State-run companies will soon be brought into the stock market, said Finance Minister AHM Mustafa Kamal yesterday, in yet another promise from the government that has remained unmet over decades.

The minister, however, went on to say that "it wouldn't be done overnight."

Every company's balance sheet should be re-assessed because their current asset prices are not the same as ten years ago, Kamal said at a press briefing at the NEC auditorium in the capital.

"We have given the companies two months to complete their assessment and evaluation."

After assessing the assets, their share prices will be fixed, he said, adding that the companies can be audited by several firms so the process ends as soon as possible.

"Initially we target to offload 10-25 per cent shares of seven companies gradually."

The companies are: Titas Gas Transmission, Power Grid Company, North-West Power Generation, Electricity Generation Company of Bangladesh, Ashuganj Power Station Company, B-R Powergen, and Gas Transmission Company.

Though Titas Gas is already listed on the two bourses, it would offload more shares because the government owns 75 per cent stake in the company.

The government's promises to bring more state-run firms to the stock market

## STATE-RUN COMPANIES TO BE LISTED

- Titas Gas Transmission
- Power Grid Company
- North-West Power Generation
- Electricity Generation Company of Bangladesh
- Ashuganj Power Station Company
- B-R Powergen
- Gas Transmission Company

date back to at least 2010 when the finance ministry had selected 26 companies and instructed them to offload shares in the next six months.

The deadline was extended several times but the instructions never materialise even though stocks investors have long been crying for quality shares and stakeholders urging the government to offload its shares in companies to prop up the market.

The current finance minister came up with the latest promise as the stock market has been on a downward curve for at least three-four months mainly due to a fund crisis in the banking sector and a lack of corporate governance in companies.

Investors, especially the small ones, remain on edge as stocks keep plumbing new depths just about every day.

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