DHAKA MONDAY MARCH 16, 2020, CHAITRA 2, 1426 BS o starbusiness@thedailystar.net

# BD Paints is seeking Tk 20cr to scale up production. But the basis for the optimism is suspect.

AHSAN HABIB

BD Paints, a relatively new entrant to the Bangladesh's paint landscape, plans to raise Tk 20 crore from the capital market in order to ramp up its production capacity -- even though about 60 per cent of its existing capacity remains unutilised.

The disclosure, which was pulled from the company's initial public offering prospectus submitted to the Bangladesh Securities and Exchange Commission in March 20 last year, raises questions about the necessity of the funds -- and the paint manufacturer's debut on the bourse.

In its IPO prospectus, which is available on the website of BD Paints, the decorative and industrial paint manufacturer said the industry is growing at 20 per cent, so the company will be able to make the most of the expanded production capacity.

Berger Paints, the market leader, though is not as buoyant as BD Paints: the Indian paint manufacturer in its annual report for the 2018-19 financial year said the sector grew at only 2 per

After 7-8 per cent growth in the last few decades, in the 2018-19 financial year the paint industry had experienced abnormally low growth due to stagnation in the real estate market, said



**Profit over** the years

**Production capacity** utilisation



Berger Paints, the only listed paint company on Bangladesh's bourse.

Contacted, SM Mamun Ar Rashid, company secretary of BD Paints, said the 20 per cent growth figure was obtained from a research paper of LankaBangla.

But a top official of the LankaBangla Securities, who produces industry-wise research papers, said requesting anonymity that they have not disseminated any recent research paper on the paint industry.

"Once BD Paints makes its debut on the stock market, the company's profile will increase and so will the demand for its products," Rashid said.

With the proceeds from offloading 2

its production capacity to 7,669.76 tonnes in the 2021-22 financial year.

When prodded how BD Paints will manage the trebling of output from its current level, Rashid said: "It takes time to create a brand image. We are now in a position to build up ours sales and our marketing team is also working accordingly.

BD Paints was established in 2014 as Arafat Paint & Chemical Industries. In September 2016 it was rechristened as BD Paints.

In the 2018-19 financial year, its sales dropped 6.8 per cent year-on-year to 2 billion tonnes, shows its financial statement, which was attached with the IPO prospectus.

Despite the drop in sales, the paint maker has shown its turnover rose in value by 7.4 per cent to crore shares, BD Paints intends to expand Tk 36.45 crore -- thanks to a rise in price.

About the company's lower sales volume, Rashid said: "To grab a share of the market we sold in bulk in credit. As a result, our receivables soared.'

In the 2018-19 financial year, the company's trade and receivables stood at Tk 13.96 crore, up 20.9 per cent year-on-year.

"To bring down the receivables, we are now scaling back our sales in credit. So, our sales were lower last year," Rashid added.

If the company augments its production capacity and its sales do not increase proportionally, then its earnings will be impacted negatively, said the research head of a leading asset management company preferring anonymity. "The company's sales volume fell last year, so why does it want to increase its production capacity?

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### Italian retailers considering cancelling work orders: Munshi

STAR BUSINESS REPORT

European Some clothing retailers, especially the ones based in Italy, are mulling over cancelling or deferring work orders from Bangladesh amid a fall in apparel sales because of the coronavirus pandemic, Commerce Minister Tipu Munshi yesterday.

Italy is the worstaffected European country, where the government ordered closure of all shops, bars and restaurants as its coronavirus-induced death toll surpassed 1,400 on Saturday.

The Western European nation is one of the most important export destinations for Bangladeshi garment

items in Europe. Munshi, however, said the situation has been improving in the supply chain as the workers in China, from where the deadly COVID-19 originated, started going back to

READ MORE ON B3

## Dhaka stocks crash to its lowest in five years

Dhaka stocks plunged to its five-year the fast-spreading disease would hurt both global and local economies and the earnings of listed companies.

DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), lost 160.64 points, or 3.88 per cent, to close the day at 3,969.31 -- the lowest since May 4, 2015, when the market ended at 3.959.73.

below the 4,000-mark for the first time in five years. On March 9, DSEX plunged 279.32 points.

The value of the stocks shed 7.95 per cent to Tk 311,113 crore in a span of 11 trading days this month. Turnover, another important indicator of the market, dropped 8.7 per cent to Tk 396.9 crore yesterday.

"Investors are panicking owing to the recent fall, so many of them sold off shares," said Mostaq Ahmed Sadeque, a former president of the Dhaka Stock Exchange Brokers Association.

Yesterday, a group of investors urged the bourse to stop trading in order to halt the massive fall and give some relief to nervous investors.

On Saturday, the government confirmed that two more Bangladeshis

The current rout of the Dhaka

bourse has a silver lining: many well-

performing companies are becoming

Pictet spotted this opening, which is

why one of the funds it manages is set

to grab 5.25 lakh shares, or 0.29 per

cent, of heavyweight British American Tobacco Bangladesh (BATBC) at the

company's share traded at Tk 910.20,

so the purchase will set back PICTET

LUX A/C THS KFFC (THS Kingsway

investors. When any shareholder sells

The shares will be bought through

Yesterday, the only listed tobacco

prevailing market price.

Fund) by about Tk 47 crore.

Swiss wealth management firm

the tally to five. The World Health Organisation

low yesterday amid coronavirus- on Wednesday declared the novel induced sell-off as fears grew that coronavirus outbreak a pandemic. The number of coronavirus cases around the world totalled more than 156,400, according to data from Johns Hopkins University, with 5,833 deaths.

The virus has found a foothold on every continent except for Antarctica, spreading to 142 countries and territories so far.

"The coronavirus affected stock With the slide, the index slipped markets worldwide and local stock investors fear that it would hamper the economy and hammer the earnings of the listed companies," said Sadeque, also the managing director of Investment Promotion of Services, a brokerage house.

Banks have started to inject funds in the market by taking loans from the Bangladesh Bank under a special package drawn up to prop up the ailing market. The move had lifted the mood of investor to some extent. But the positive sentiment was shortlived in the face of growing threat of coronavirus, Sadeque added.

Eight banks mobilised funds to invest in the stock market under the special package and three more banks are set to follow suit this week.

Swiss institutional investor

raises its stakes in BATBC

of the parties."

On February 10, the central bank like virus in Bangladesh.

Since the fund already holds a

significant amount of shares of BATBC,

it had to make an announcement

before it made the purchase, Rahman

tested positive for coronavirus, raising announced a package for banks, allowing them to set up funds worth Tk 200 crore each on the back of the financial support.

The lenders will take the fund from the central bank through repurchase agreements against treasury bills and bonds owned by them. The banks will have to pay 5 per cent interest for the fund and the credit tenure will be until February 2025.

The Bangladesh Merchant Bankers Association (BMBA) yesterday sat with the BB higher ups at a meeting at the central bank headquarters in Dhaka. BB Governor Fazle Kabir chaired the meeting.

"The central bank is candid about increasing liquidity to the stock market and it is working. Now the stock index is going down and this is maybe due to the coronavirus," Md Sayadur Rahman, president of the association, said.

The BMBA met with the governor as a number of banks have not set up

The central bank announced the package to boost the morale of investors. After the assistance was unveiled, the benchmark index edged up. However, it started to fall again last week when three tested positive for the virus in what was the first incidence of the lethal, pneumonia-





### Branch Manager, Retail & SME Banking, AVP - FAVP

### Prime Responsibilities

- > Ensuring smooth functioning of the day to day Banking operations and services to the customers
- > Ensuring branch profitability and achieving the branch's profit target as well as other financial KPIs through acquiring low
- > Optimizing branch P&L, balance sheet performance
- > Maintaining quality portfolio as per bank's risk appetite and exceeding business targets
- > Ensuring regulatory compliance and prevention of Money Laundering in line with regulatory requirements
- > Leading, counselling, monitoring, coaching and managing people in an environment where people and customers both are

### Branch Sales and Services Manager, Retail & SME Banking, PO - AVP

### Prime Responsibilities

- > Positioning the branch as an effective retail sales and service outlet by providing superior customer service
- > Ensuring quality business portfolio as per Bank's risk appetite and management of the customer relationship
- > Penetrating the market for different products as per requirement of the bank
- > Assisting Branch Manager to exceed financial targets by effective performance management of Relationship Officers, Relationship Managers and Sales Team
- > Implementing and monitoring robust compliance regime across all operational aspects of the Branch
- > Ensuring an environment where Relationship Officers, Relationship Managers and Sales Team can operate as a motivated

### Branch Operations Manager, Retail & SME Banking, PO - AVP

### **Prime Responsibilities**

- > Ensuring control and compliance of overall Branch Operational activities with Bank's policies, regulatory laws and
- > Coordinating with relevant departments related to Branch Operation and ensuring Service Level Agreement > Authorizing financial and non-financial transactions by ensuring proper verification of source and supporting documents
- > Preparing all Internal and External Reports; ensuring accuracy and timely submission to regulatory authority and internal
- > Acting the role of coordinator during branch audit
- > Ensuring an environment where Customer Service Officers and Customer Service Manager can operate as a motivated

### Qualification & Other Competencies

- > Branch Manager: Minimum eight (8) years of experience in branches of reputed Banks/ Financial Institutions is must; two (2) years of experience in similar role is preferable
- > Branch Sales and Services Manager: Minimum Five (5) years of experience in branches of reputed Banks/ Financial Institutions is must; one (1) year of experience in similar role is preferable
- > Branch Operations Manager: Minimum Five (5) years of experience in branches of reputed Banks/ Financial Institutions;
- two (2) years of experience in similar role is preferable > Minimum Graduation from relevant background
- > Experience of working in a centralized process and real time on-line banking environment is preferable > Excellent business communication skills with effective sales acumen and strong interpersonal relationship
- > Leadership qualities for managing, coaching, and mentoring people
- > Vacancies are available in both urban and non-urban branches. Geographic mobility and flexibility are essential Eastern Bank Limited offers excellent career opportunities with most competitive salary and benefits package

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Bank reserves the right to disqualify any application without assigning any reason.

## BRITISH AMERICAN TOBACCO BANGLADESH

According to the annual report of the block market from institutional 2018, the fund holds 9.99 per cent shares of BATBC. In April 2019, it also

transaction is completed do we learn said another top official of BATBC requesting anonymity. Coronavirus fears have driven

many solid companies' price down,

so all on a sudden they became good

deals for astute investors, said a stock market analyst requesting anonymity. "Not all companies' earnings will be affected by coronavirus," he added. BATBC provided 500 per cent

cash dividend and 200 per cent stock dividend in 2018. In the previous two years, it provided 600 per cent cash dividend. The company's paid-up capital is

the Dhaka Stock Exchage. In 2018, the company's total revenue rose 14 per cent to Tk 23,312 crore and

Tk 180 crore, according to data from

In the first three quarters of the up 14.31 per cent to Tk 19,436 crore but its profit was down about 17 per cent to Tk 647.1 crore due to higher tax incidence.











or buys shares, they don't negotiate with the management, said Md Azizur Rahman, company secretary of BATBC. "So, we can't say much about the two years, Pictet must have thought

bought 1.37 lakh shares.

As the tobacco company's stock has been on the descent in the last purchase at this moment. Once the now was a good time to buy its shares,

profit 15 per cent to Tk 1,001 crore. current financial year, its revenue was

Eastern Bank Ltd.