

Small paint manufacturers need easy loans for survival

Says Berger Paints Bangladesh's Managing Director Rupali Chowdhury in an interview

KHONDOKER MD SHOYEB

The coronavirus outbreak wreaked havoc on the paint industry at a time when it was reeling from a slowdown in the housing and infrastructure sectors for the last couple of years, said Rupali Chowdhury, managing director of Berger Paints Bangladesh.

The industry has been hit harder than many other sectors as paint is not considered as a staple item like food, for which people always set aside some fund to meet its demand in any crisis, she added.

A majority of the paint shops remained closed from March to June this year, pushing paint makers to post negative growths, Chowdhury told The Daily Star in an interview last week.

"Many ongoing and prospective projects got postponed or cancelled and most consumers preferred to avoid painting their houses for the time being, mainly due to financial constraints and to minimise the risk of contamination.

"Demand for paint products also subsided due to consecutive natural disasters -- floods, cyclone Amphan and heavy rain, she said.

In April, sales in the paint industry came down to a record low, putting pressure on small paint makers, who were struggling to comply with the government's strict but timely directives to restrict the spread of Covid-19.

The coronavirus affected the net sales of



Rupali Chowdhury

Berger Paints Bangladesh also, which fell almost 50 per cent in the April-June quarter to Tk 228.5 crore from Tk 525 crore in the January-March quarter of 2020, she said.

The paint industry imports around 80 per cent of its raw materials from abroad.

But ensuring timely procurement of the materials became nearly impossible in March, April and May because of the restrictions on international shipments and closure of ports. "This pandemic tested the resilience of Berger's supply chain team. Our procurement team timely initiated the contingency plan and at times made air shipment of raw materials whenever necessary."

Since the Covid-19 outbreak, Berger revisited its distribution plan.

"We started sending larger consignments to depots instead of the regular ones along with delivering products directly to the dealers' points.

These steps helped the company complete the task with minimal manpower, cut

KEY POINTS

Paint industry's sales hit record low in April

Berger Paints Bangladesh's net sales fell almost **50%** in April-June to **Tk 228.5cr** from the previous quarter

In July, the company launched Mr. Expert Advanced Hand Sanitisers and Berger Expert Sanitisation Service

It also provided the painters with over **Tk 1.75cr** to help them recover fast

operation costs and, most importantly, reduce the possibility of getting infected with the coronavirus.

"Our advanced technologies, structured management process and fearless attitude gave us a way forward."

Over the years, Berger has invested in technology and prepared itself to tackle situations similar to the current pandemic.

This year, the company conducted an annual financial audit, organised board meetings and annual general meetings digitally.

"The audit was done only in less than two months, as we provided the auditors with online access to our network to check the required information."

"Being one of the oldest and most renowned companies in the country, we believe that it is our responsibility to step in and help the country come out of the crisis."

In July, the company's Mr. Expert Advanced Hand Sanitisers hit market.

In the middle of that month, the company also introduced the 'Berger Expert Sanitisation Service' to provide global standard disinfection services to households, office premises and institutions.

"We launched new products and added

new features to our existing offerings. Consequently, we started providing safe painting solutions from our Berger Experience Zone outlets so that our consumers can paint their homes without worrying about the risk of contamination.

"We also provided our painters and dealers with different types of safety equipment to ensure that our partners are safe and have the confidence to resume business as soon as the lockdown is lifted."

Berger even placed handwash basins at some dealers' point.

"Now our research and development team is actively working to introduce antivirus coating for all kinds of substrates. The product may hit the market soon."

The company provided the painters with over Tk 1.75 crore as donations to lessen their financial hardship.

The economy started reopening in July. Still many sub-dealers/wholesalers could not resume business in full swing due to disruption in the mainstream supply chain.

The construction projects that were postponed are expected to resume soon. Painters and dealers have started working diligently to compensate the losses incurred during the initial days of the lockdown.

"We are doing our best to inject confidence among our customers and we strongly believe the situation is not going to exacerbate in the days to come."

Paint fights off effects of adverse weather conditions, pollution and hazardous chemicals, giving durability and enhanced functionality of infrastructure.

It is a part and parcel component for the construction of buildings, industrial set-ups and infrastructural projects.

Therefore, paint should not be considered as a luxury item, as it is an essential material to ensure protection against decay.

Paint should not be subject to any supplementary duty that applies to luxury items. To keep paint products affordable, it should be exempted from any such duty.

Most dealers of painting products belong

"Our advanced technologies, structured management process and fearless attitude gave us a way forward."

"In April, the sales in the paint industry came down to a record low level, putting pressure on the small paint makers, who were struggling to comply with the government's strict but timely directives."

No one knows how long the virus will last, as scientists, doctors and drug makers are still struggling to find a cure for the contagious disease.

So, the company has carefully designed the shifts of its workers to ensure social distancing.

"Berger Paints Bangladesh has aligned its operations to cope with the pandemic if it stays here for long. There might be a slump, but it will not be a complete shutdown in the business."

to the small and medium enterprise segment and the government should not forget that this SMEs play an extremely important role for proper functioning of the economic ecosystem.

So, the government should now provide easy loans to SMEs for the sake of the paint industry.

Not only the government or the banking sector, but the non-governmental organisations and non-profitable institutions should also extend their support.

WAITING FOR THE BREEZE



Shopkeepers selling electronic products await customers in New Market on Saturday afternoon. The home electronics sector is suffering from a slide in demand with sales likely to stay below 70 per cent of annual target as consumers are reluctant to spend on these items amid the lingering pandemic, according to market players.

FIROZ AHMED

BSEC vows to rein in rumours

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) will take strict measures against the spread of misinformation on the stock market as it leads to gambling and has an overall negative impact on general investors, according to a senior regulatory official.

"We are bringing a number of Facebook pages and other websites under our radar to monitor whether they spread stock market related information or advice," he said.

As per regulations, no one is allowed to provide advice on investment strategies without securing an advisory certificate from the stock market regulator.

A number of websites and Facebook pages are said to be engaged in such activities and if the allegations prove to be true, the BSEC will take stern actions against them.

A Facebook page titled "Decision Maker" was shut down based on the stock market regulator's request to Bangladesh Telecommunication Regulatory Commission just last Thursday for breaching regulations.

"We will shut down all the pages that are spreading rumours and we will take legal actions against them as well," the BSEC official added.

The BSEC recently urged investors to disregard any possible rumours as it could adversely affect their investment strategies.

However, they still pay heed to those rumours as evinced by their activities, which closely match the advice provided

on stock market related Facebook pages.

A number of investors even depend on such hearsay to buy and sell shares while the administrators of these Facebook groups and websites are happy to oblige, the BSEC official said.



As a result, junk stocks witnessed a rising trend just a few days ago when the stock market regulator declared long-term plans aimed at improving the performance of such companies.

The BSEC had made it mandatory to reform a company's board of directors if said companies remain in the Z category, which is reserved for junk stocks, for two years or more.

Besides, directors will also be removed if they are in multiple listed companies or market intermediaries.

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Investors left red faced by Ring Shine Textile's factory closure

STAR BUSINESS REPORT

Investors of Ring Shine Textile have been left shocked by the company's decision to shut down its factory at the Dhaka Export Processing Zone in Savar for a month.

Citing the economic turmoil brought about by the ongoing coronavirus pandemic, the export-based garment maker informed the Dhaka Stock Exchange (DSE) yesterday, declaring that its factory would be laid off until October 25.

The move comes as a result of the Covid-19 fallout, declining orders from foreign buyers and a shortage of imported raw materials, Ring Shine Textile said in its statement, adding that the decision was taken in line with section-11 of the Bangladesh EPZ Labour Law, 2019.

Soon after the news broke, the company's stocks plunged 8.97 per cent to Tk 7.10 on the

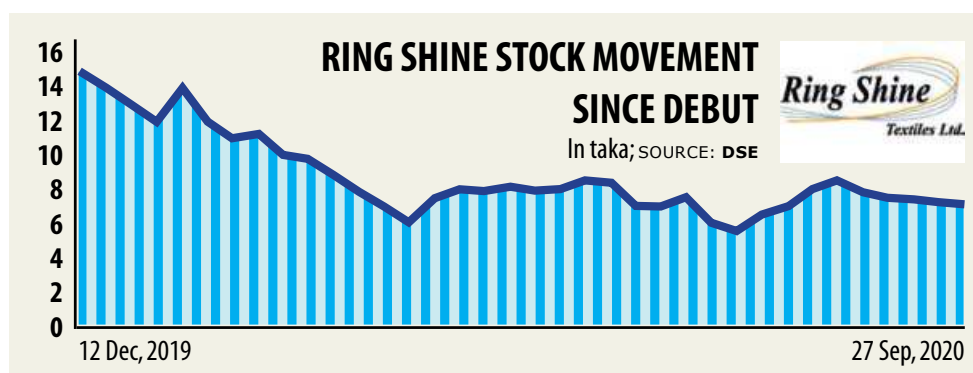
DSE's trading board, according to data from the country's premier bourse.

Ring Shine Textile started to dishearten its investors from the very beginning, when it was first listed in 2019, said Abdus Zoha, a stock investor.

Having raised Tk 150 crore from the capital market, the garment maker's stock price ballooned to Tk 15 per share on debut but following a barrage of rumours, prices soon began to decline.

Within a month of being listed, Ring Shine Textile was shrouded in scandal as rumours made people believe that the company's foreign staff, including its directors, were abandoning their posts and leaving the country for good.

This triggered a downward slide in stock prices and as a result, Ring Shine Textile's profits dropped by over 11 per cent to Tk 49.91



crore in 2018-19.

At the time, the textile maker did not disburse any cash dividend, but issued 15 per cent stock dividend.

This only led to an increase in the market's

share supply, forcing the stock price to plummet again, Zoha said.

In light of the situation, a key sponsor of Ring Shine Textile sold his shared within just two-and-a-half months of the

company's listing.

This came as yet another blow for general investors, who have seen the value of their holdings fall by the day.

Sung Wey Min, the owner of Universe Knitting Garments and managing director of Ring Shine Textile, is the sponsor in question that sold his 36.86 lakh shares with the textile maker.

As if that was not bad enough, this factory layoff has piled even more pressure on the company's stocks, Zoha added.

According to market analysts, when a company's sponsor sells his or her shares just after being listed, it gives a bad signal to general shareholders.

A sponsor can sell his or her shares as they wish but when they do so under a stock's face value, then it raises questions about the company's potential, they added.