

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX			MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 0.36%	▼ 0.44%	Gold	Oil	▲ 0.52%	▼ 1.10%	▲ 0.36%	▲ 0.22%	BUY TK	83.95	98.52	110.34
4,887.12	8,421.96	\$1,875.56	\$44.57	44,180.05	25,728.14	2,788.59	3,347.30	SELL TK	84.95	102.32	114.14
		(per ounce)	(per barrel)								13.27

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DHAKA THURSDAY NOVEMBER 19, 2020, AGRAHAYAN 4, 1427 BS ● starbusiness@thedailystar.net

Covid Fighter: How the humble home textile is beating the odds

Overpriced bidding puts small investors at risk of loss

REFAJET ULLAH MIRDHA

That the novel coronavirus has brought down many businesses is nothing new. Tourism firms and hotels are some of the first victims to come to mind, considering all the non-stop ruckus with isolation.

But similar to the proverbial saying of necessity being the mother of innovation, this quagmire is forcing some to shift focus and find ways to keep operations running.

The home textiles industry has done exactly that.

This story is about how people’s need to stay for more extended periods at homes, and even at hospitals, is resulting in a booming trade for the seemingly inconspicuous fabric.

And data from the Export Promotion Bureau says it all.

Analysis of the July-October period shows that home textile export soared 47.86 per cent to \$354.25 million this year from \$239.59 million last year.

And the list does not solely comprise everyday items required at homes such as bed sheets, curtains, kitchen linen, napkins and covers for quilts, blankets, comforters and cushions.

Demand has skyrocketed for hospital bed sheets and gowns in tune with the rise in the number of Covid-19 patients worldwide.

The export figure is also 18.24 per cent higher than the quarterly

KEY POINTS

- Exports soared by **48%** in Jul-Oct of FY21
- Entrepreneurs fetched **\$354m**
- Long-stay at home fuelled demand for home textile
- Asian markets emerge as major export destinations apart from the west
- US-China tariff war has become a boon
- Buyers shift orders from China to Bangladesh
- Investment in home textile is Tk **25,000cr**



target of \$299.61 million set by the government earlier.

The annual target for the current fiscal year has been fixed at \$960 million after the country earned \$758.91 million the previous fiscal year.

“The shipments from Bangladesh increased mainly because its use has

increased,” said Rashed Mosharraf, general manager for marketing and head of operations of Zaber & Zubair Fabrics.

Because of the pandemic, people are staying indoors for longer periods, and this has increased the use of home textiles a lot, said the official of the country’s largest home textile exporter with annual figures reaching some \$200 million.

Although sales of garment items declined in retail stores in the European and American markets, that of home textiles increased, he said.

Apart from the American, European and Canadian markets, the export of home textile has been booming recently in Asian and

Australian markets, exporters said.

This, in turn, is countering the decrease in sales of fabrics and sheets used in hotels and airplanes during the pandemic because of the decline of businesses in the aviation, tourism and hospitality sectors.

This trend of an increased inflow of work orders from international retailers and brands is being propelled by higher demand, especially from hospitals, said Mosharraf.

So much so that Mosharraf says his company would be fully occupied with work orders for hospital bedsheets from international retailers and brands up to January next year.

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AHSAN HABIB

Some rogue institutional investors are jeopardising the way prices are determined for stocks for their launch in the stock market, detrimentally affecting general investors.

Their modus operandi: placing inflated price bids in the book-building process.

This simple tampering disrupts the whole process designed to determine cut-off prices of initial public offerings properly.

The book-building method comes to play when a company wants to issue stocks at a price higher than the face value.

The process involves an underwriter, usually an investment bank, inviting institutional investors such as fund managers to submit bids for the number of shares they want along with the prices they are willing to pay for it.

The book is “built” by listing and evaluating the demand, and the average price is taken as the final price in the IPO.

Apart from the book building method, there is also a “fixed pricing” method where the price is set prior to investor participation. Here the face value is taken as the issue price.

If the bids are inflated, it unnecessarily raises the stock prices, forcing general investors to pour in more money than they would have otherwise to obtain the shares, explained stock investor Arifur Rahman, who has a decade’s experience of the market.

This mishandling is usually brought about by the companies issuing the stocks in connivance with some rogue institutional investors, he said.

As to what was driving this practice, he said the companies were getting higher amounts of money in the listing process and having a “pricey” stock while the institutional investors could not care less.

Asset management companies are paid a fixed annual fee for managing mutual funds, which pool money from investors

KEY POINTS

- Six companies completed bidding in 2020
- Asset managers are the top bidders
- Number of asset management companies: **43**
- Listed mutual funds: **37**
- Non-listed mutual funds: **58**

and channel those into securities such as stocks, bonds and other assets.

The asset managers get a management fee at the end of the year, irrespective of whether or not they were able to make a profit and distribute those among unitholders of the mutual funds.

The exorbitant investments from mutual funds ensuing from inflated prices are depriving unit holders, Rahman said.

Mutual funds are unable to log higher profits, so the unitholders are also being deprived of good dividends, said another merchant banker. Whoever places inflated prices in bids should be investigated, he said.

“This is manipulation,” said one stockbroker, pointing out general investors were mainly the ones to end up suffering because they had to buy the stocks at a higher price.

Come to think of it, asset managers are not putting their own money on the line; it is that of investors, for which there is no sense of attachment to drive a proper analysis and valuation, said one merchant banker.

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Target set for 42pc higher corn production

Need greater yields to achieve self-sufficiency and export, agriculture minister says

REJAUL KARIM BYRON and MAHMUDUL HASAN

The government is looking to produce 42 per cent higher corn at 56.93 lakh tonnes in the current fiscal year to meet the growing demand for grains in the feed industry.

“Work is underway to increase the annual maize production to one crore tonnes within the next five years,” said Agriculture Minister Muhammad Abdur Razzaque.

The production of corn, also known as maize, rose 12.50 per cent year-on-year to 40.15 lakh tonnes in the fiscal year 2019-20. The agriculture ministry has set a target to produce one crore tonnes of the grain by 2025 through innovation and modern technical assistance.

“If we can do this, the country will not only achieve self-sufficiency but will also earn a lot of foreign currency through exports,” Razzaque said in a press release recently.

Over the past decade, many farmers in

farms.

The United States Department of Agriculture (USDA) recently predicted that corn production in Bangladesh would reach 45 lakh tonnes by the end of 2020-21 marketing year, up 1 lakh tonnes from the official forecast of the agency.

If this prediction is realised, the corn production would be a 9.7 per cent higher than USDA’s official 2019-20 estimate. The agency’s marketing year starts in May and ends in April.

The agriculture ministry has targeted to produce 56.93 lakh tonnes maize in the current fiscal year.

Some farmers are reporting lower yields due to heavy rains before harvest, said the USDA’s Foreign Agriculture Service (FAS) in its Grain and Feed Update on Bangladesh.

Corn imports are forecast to increase slightly to 15 lakh tonnes.

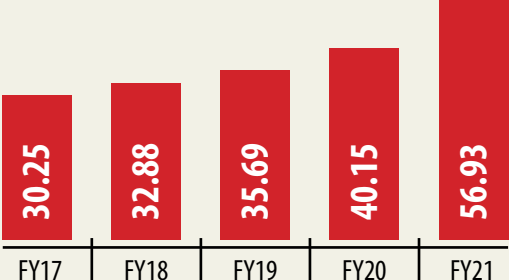
According to the Trade Data Monitor, global corn exports to Bangladesh rose 39.2 per cent over the first five months in

- Maize production rose **12.5pc** to **40.15** lakh tonnes in FY19
- Local mills annually produce **60-70** lakh tonnes feed
- USDA forecasts **45** lakh tonnes maize production in FY21
- Govt targets **1** crore tonnes by 2025

Corn production in lakh tonnes

*FY21 agriculture ministry target

SOURCE: BBS



Bangladesh switched from other crops to maize to profit from the burgeoning demand of the produce from the local feed mills.

These mills annually produce nearly 60-70 lakh tonnes of feed for the country’s sizeable livestock and aquaculture sectors.

Maize accounts for about 50 to 60 per cent of the raw material required to make feed, which is mostly consumed by poultry

the current marketing year compared to last year.

The retail price of corn has also increased compared to its value last month because of the recent floods and the Covid-19 pandemic.

In October, the average corn retail price was Tk 22 per kilogram, 28 per cent higher than in last year, the USDA report said.

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NRB Commercial Bank gets nod to go public

IPO subscription set for February

STAR BUSINESS REPORT

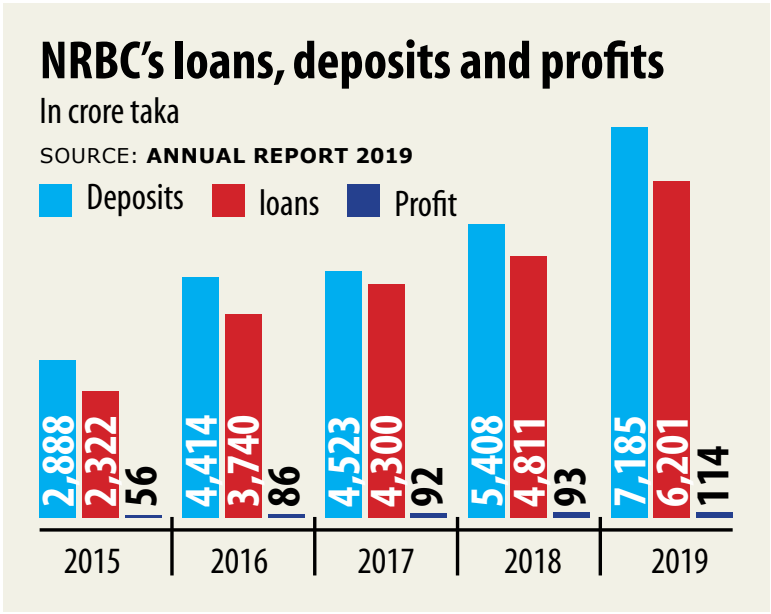
NRB Commercial Bank is going public to raise Tk 120 crore from the stock market, a move that would make it the first bank in Bangladesh in 12 years to be listed on the bourse.

The initial public offering was approved at a meeting of the Bangladesh Securities and Exchange Commission (BSEC) yesterday.

With the consent, the country’s bourses are set to get a bank’s stock for the first time in 12 years, the BSEC said in a press release. The bank will issue 12 crore ordinary shares at face value.

The bank began its journey on April 2, 2013, as a scheduled bank.

NRB Commercial Bank registered deposits of Tk 7,185 crore in 2019. Its total loans and advances amounted to Tk 6,201 crore.



The IPO proceeds will be used to buy government securities and enhance the lender’s investment in the stock market, the press release added.

The bank’s weighted average earnings per share for the last five years was Tk 1.55. Per-share net asset value stood at Tk 13.86 as of June 30, 2020.

NRB Commercial Bank’s return on the asset was 1.46 per cent.

For the betterment of the stock market, the bank’s IPO subscription will be completed next February, the BSEC said.

The commission set a later date for the subscription following demands from investors, who said they were facing liquidity shortage because of an increase in the IPOs in recent times.

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Govt to introduce green factory award

30 to be recognised for ensuring workplace safety, compliance

REJAUL KARIM BYRON and MAHMUDUL HASAN

The government has decided to introduce a Green Factory Award to ensure workplace safety for the workers, safeguard the environment from pollution and maintain compliance with international standards.

On Sunday, the labour and employment ministry issued a gazette notification on the “Green Factory Award Policy” as the country looks to attain the Sustainable Development Goals, which require urgent actions to combat climate change and its impacts by regulating emissions.

The award will be presented to the entities considering the use of eco-friendly construction materials, access to sunlight, the use of solar power in the factory, accommodation, schools, markets and bus stands for the workers within acceptable distances from the factory, adequate free space on the factory premises, and the firefighting system.

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Women are seen working in a green factory of Remi Holdings inside Adamjee Export Processing Zone in Narayanganj.

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