

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.26%	▲ 0.54%	\$1,880.66	\$52.26	▲ 0.15%	▼ 0.16%	▼ 0.32%	▼ 0.29%	BUY TK 83.95	101.51	112.65	12.69
5,108.04	8,837.56	(per ounce)	(per barrel)	46,960.69	26,763.39	2,848.98	3,394.90	SELL TK 84.95	105.31	116.45	13.35



Star BUSINESS

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Foreign firms team up to upgrade closed sugar mills

Submit final proposal on Tk 5,000cr modernisation plan

KEY POINTS



- Investment for modernisation: Tk 5,000cr
- Joint venture's equity 30%
- Japanese and Thai banks to give 70% of the fund
- High-yielding variety of sugarcane to be introduced
- Other products to be made: liquor and beer, products for perfume and pharma industries
- By-products: biofertiliser and electricity



Brown sugar being sold for Tk 65 per kilogramme in front of the Bangladesh Sugar & Food Industries Corporation in the capital's Motijheel.

cent will come from the two banks. "We will recover the investment within eight years," said Md Emdad Hossain, a local representative of the investors.

According to him, the joint venture will introduce high-yield sugarcane in the catchment areas of the mills and modern technologies to ensure their commercial viability.

"The initiative will save the sugar industries and farmers," he noted. The joint venture will produce premium quality alcohol that is used in perfumes and pharmaceuticals, Hossain said, adding that by-products of the mills would help increase the revenue of the mills.

Hossain said the investors looked to get down to work as soon as possible as they do not face any financial constraints.

Following a government order on December 2, the BSFIC informed

that production at six mills—Pabna Sugar, Shyampur Sugar in Rangpur, Panchagarh Sugar, Setabganj Sugar in Dinajpur, Rangpur Sugar, and Kushtia Sugar—would be halted until further notice.

In October 2019, the BSFIC signed a memorandum of understanding with the three investors to establish energy-efficient, modern technology-based environment-friendly sugarcane and liqueur and beer industries in Bangladesh.

Sutech carried out a feasibility study on the sugar mills. The joint venture submitted the feasibility study report on July 16 this year.

The companies will set up three factories with the capacity of processing 14,000 tonnes of sugarcane per day. They will introduce high-quality sugarcanes to make extra neutral alcohol (ENA) for the export market.

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Nearly half the state-run entities running at a loss

A lack of competitiveness brought them to their knees affecting stock investors

AHSAN HABIB

Nearly half of the listed state-run companies have been incurring losses for many years due to a lack of competitiveness, in turn affecting stock investors.

Of the total 18, seven are incurring losses while the rest booked profits in 2019-20, according to the data of the Dhaka Stock Exchange (DSE).

State-run companies, which enjoy natural monopoly and do business in strictly regulated markets, are booking profits. However, those running in a competitive atmosphere are mostly incurring losses, according to the companies' business analysis.

The seven loss-incurring companies deal with producing sugar, motorcycles, hotel services, cables and glass sheets.

A big number of government run companies are not giving any dividends for many years so the stocks are providing nothing to their investors, said stock investor Abdul Alim.

Renwick Jaineswar and Usmania Glass did not provide any dividend for the last two years.

Moreover, Shyampur Sugar and Zeal Bangla Sugar have not paid any dividends in at least for the past two decades, the DSE data shows.

The state-run sugar mills are 60 years old but their economic lifespan ended at least 30 years ago, said Sanat Kumar Saha, chairman of the Bangladesh Sugar and Food Industries Corporation (BSFIC).

So they are incurring losses for many years, he said.

The listed three state-run companies named Shyampur Sugar, Zeal Bangla and Renwick Jaineswar are under the BSFIC.

Now, modernisation is needed to ensure their commercial viability, Saha added.

Atlas Bangladesh was once a profit-making state-run motorcycle producer and distributor but now it has been incurring losses for the past five years.

The situation became so bad that its

auditor expressed uncertainty about future continuation of business.

A lack of competitiveness is the main reason of the state-run companies' fallouts, Alim said, adding that most of the companies did not take to modernisation and product diversification over the years.

The drive to attain profitability is rare in the companies, the stock investor added.

A top official of an asset management company said they refrain from buying state-run companies' stocks because their performance may get hampered by the government decisions at any time, something that was witnessed in case of

PROFITABLE COMPANIES

Meghna Petroleum, Jamuna Oil, Titas Gas, Power Grid Company, Desco, Bangladesh Submarine Cable, Eastern Lubricants, Bangladesh Shipping Corporation, Padma Oil, Rupali Bank

LOSS-MAKING FIRMS

Renwick Jaineswar, Shyampur Sugar, Zeal Bangla, Atlas Bangladesh, Eastern Cables, Usmania Glass, BD Services

Titas Gas.

In 2015, the energy regulator decided to reduce its service charge so its earnings fell suddenly. Thus the stock price of the gas distribution company dropped.

Some state-run companies have huge potential because many of them work in an uncompetitive but prospective fields, he said.

About the loss-making state-run companies, he said inefficiency and a lack of competitiveness and accountability were the main reasons behind the state-run companies' fall.

So most of them are profitable only in regulated markets but not in the competitive arena, the asset manager added.

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Regulator to weigh potential of OTC market companies

STAR BUSINESS REPORT

The stock market regulator has initiated a move to look into the business potential of the companies trading over-the-counter (OTC) as part of efforts to bring them back to the main board of the exchanges.

The Bangladesh Securities and Exchange Commission (BSEC) has instructed Dhaka and Chattogram stock exchanges to appoint special auditors to review the business potential of 21 companies that are in operation.

"We want to examine the better companies of the OTC market and bring them to the main board," said a top official of the BSEC, preferring anonymity.

"We are analysing their potential. Let's see how many companies we can find fit for the main board."

The OTC market provides an alternative to stock exchange listing for securities of issuers that either choose not to be listed on the DSE or do not meet the relevant listing requirements, according to the DSE website.

At present, 64 stocks trade on the OTC. The regulator also ordered the bourses to submit an in-depth report on another 43 companies that are also listed with the OTC market.

The bourses will evaluate the financial reports of the companies along with their business performance, production capacity, land and other tangible assets.

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Vaccine rollout cheers up stock investors

Key indices climb up across the globe

AHSAN HABIB

The start of the Covid-19 vaccine rollout in the UK and the US cheered institutional investors around the world, allowing global stock markets to end higher last week and Bangladesh was no exception.

Institutional investors began taking part in the stock market and most importantly were choosing the manufacturing sector in the Dhaka Stock Exchange.

As the vaccine arrived on the scene, the US and the UK already started administering it into the human body, so investors all over the world are optimistic of the economy bouncing back, said Abdul Latif, a stock investor with around 20 years' experience.

The UK started to administer a Pfizer-BioNTech vaccine from December 8, and the mass immunisation in the US began on December 14.

Pfizer and BioNTech announced that vaccine candidates against the pathogen achieved success in the first interim analysis on November 9.

The US's S&P 500 index rose around 1 per cent, and the Nasdaq edged up by 2.4 per cent in the last five days.

WEEKLY ROUNDUP OF STOCKS AT HOME AND ABROAD

- DSEX (Dhaka): ▲ 0.26%
- Dow Jones (New York): ▲ 2.57%
- Nikkei 225 (Tokyo): ▲ 5.04%
- FTSE 100 (London): ▲ 0.41%
- Euro Stoxx 50 (Eurozone): ▲ 1.37%
- BSE Sensex (Mumbai): ▲ 1.56%



The Dow Jones Index gained 2.57 per cent, the Eurozone's Euro Stoxx 50 added 1.37 per cent, Japan's Nikkei 225 advanced 5 per cent, and India's BSE Sensex went up 1.56 per cent.

Institutional investors in Bangladesh are also optimistic along with individual investors, and so they have started to invest, Latif said.

The DSEX, the benchmark index of the DSE, rose 0.5 per cent last week while the daily average turnover of the premier bourse went up around 10 per cent to Tk 920 crore, DSE data showed.

Among the major sectors, the value of

stocks of the engineering sector rose the highest, 10.1 per cent, last week followed by pharmaceuticals and cement stocks.

The manufacturing sector has been witnessing the least investment for the past few months amidst the pandemic because of peoples' apprehension over economic trends.

When an economy fears any disruption, the manufacturing sector endures a big blow in the stock market because the demand for products falls fast, Latif said.

The positive movement of the global stock indexes is related to the vaccination because it will help big economies bounce

back, said Prof Mohammad Musa, a stock market analyst.

"Normally, we do not see the impact of the world market on Bangladesh's stock market, maybe due to its uniqueness," he said.

"On the other hand, our market is individual investor-based, so big economies' impact is less here," he said.

Now banks are investing funds in the stock market as it is being considered lucrative and they may hopefully see a turnaround of the economy, added Musa, a professor of business and economics.

Twenty-one banks informed the Bangladesh Bank that they would invest Tk 2,050 crore. More than Tk 700 crore was invested as of December 10.

A top official of a merchant bank said they decided to invest in the stock market because lending deemed risky now.

The pandemic might turn out for the better as the vaccine is being administered worldwide, he said, adding that Bangladesh also would surely get the vaccine.

"We had decided to wait until the vaccine is invented before investing here," he added.

Demand for high-value crops tumbles

MOSTAFA SHABUJI, Bogura

Farmers who cultivate high-value crops such as broccoli, lettuce and avocado have seen their sales drop by about 50 per cent due to the Covid-19 fallout.

Winter is the main growing season for high-value crops, and a lot of produce has already arrived in the Dhaka and Chattogram markets.

However, these vegetables are being sold by street vendors and local kitchen markets at lower prices amid low demand.

According to vegetable traders in the capital, high-value crops mainly come from Savar, Gazipur, Munshiganj, Chattogram, Bhola and Bogura.

The produce is sold to high-end restaurants and hotels that cater mostly foreigners.

Kobbad Hossain Ovi, a 36-year-old farmer from Dokkhin Mitka village under Dhaka's Savar upazila, invested about Tk 70 lakh to Tk 80 lakh to cultivate various high-

value vegetables on 200 bighas of land this season.

But when the outbreak began in March, sales dropped 90 per cent as the country's hotels and restaurants were closed.

"I used to register sales of Tk 20-25 lakh each month during the pre-pandemic period, but now, I sell just Tk 10 lakh per month," Ovi said.

His annual sales were Tk 1.80 crore in 2019, but if the situation worsens due to the Covid-19, he would have to count losses of over Tk 50 lakh this year, he added.

Ovi went on to say that he did not receive any form of incentive or support from the Department of Agricultural Extension (DAE) to cope with the ongoing crisis.

When contacted, Rafiqul Islam Bhuiyan, deputy director of the DAE Dhaka office, said that the organisation does not provide any such incentives for farmers who cultivate foreign vegetables.

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High-value crops like broccoli, lettuce and avocado have seen their sales drop by about 50 per cent due to the pandemic. As demand has fallen, these vegetables are being sold by street vendors and local kitchen markets at low prices.

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