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Star BUSINESS

DHAKA WEDNESDAY OCTOBER 11, 2017, ASHWIN 26, 1424 BS



Abrar A Anwar joins StanChart Malaysia as CEO

STAR BUSINESS DESK
Standard Chartered Bank Malaysia has appointed Abrar A Anwar as its managing director and CEO with effect from November 1.
Anwar, the outgoing CEO of Standard Chartered Bangladesh, has 26 years of experience in corporate and investment banking across Bangladesh, India and the UK, the bank said in a statement yesterday.
He joined Standard Chartered Bangladesh in January 2011 and led the corporate client coverage businesses until 2014, almost doubling the franchise's income during that period.
He was made CEO of the bank in Bangladesh in January 2015, according to the statement.
Anwar set up the first syndication and structured finance business in Bangladesh for ANZ Grindlays Bank.
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DBL Group goes for \$1.2b expansion

The company will set up 19 factories

SOHEL PARVEZ
Leading apparel exporter DBL Group has taken up a \$1.2 billion investment plan to set up 19 factories inside Sreehatta economic zone in Moulvibazar of Sylhet by 2021.
The company got 170 acres of land inside the state-owned zone from Bangladesh Economic Zones Authority (Beza).
It will build a spinning mill, a ceramics factory and industrial units to manufacture raw materials and finished products, such as integrated sportswear and apparel accessories, for domestic and export markets.
"We could not grow as expected because of land, gas, electricity and other infrastructure constraints," said DBL Group Managing Director Md Abdul Jabbar.
"The new land will definitely boost the company's growth."
With an annual export turnover of nearly \$370 million, the business entity employs 30,000 people in 23 concerns, mostly in the apparel sector.
The enterprise registered a 15 percent year-on-year growth in exports over the last couple of years and Jabbar expects to reach 25 percent through the expansion.
Jabbar said they were waiting for the final nod from Beza before starting work from November to develop the area, including construction of effluent and water treatment plants.
"We will also have rooftop solar system to generate green electricity

DBL GROUP AT A GLANCE

- The group got **170** acres inside Sreehatta economic zone
- Three new units will come into operation by mid 2019
- The company with **\$370m** in turnover now employs around **30,000** people
- The expansion will create jobs for **39,000** more in four years
- The enterprise eyes **25pc** YOY growth, up from 15pc now
- It will install rooftop solar panels and rainwater harvesting system

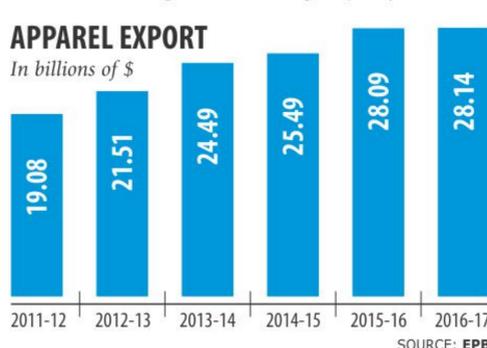
and harvest rainwater to meet part of our demand for water," he said. A staff training centre will also be established there.
"We hope that two-three factories will come into operation by mid 2019," he said. The business entity says the expansion would create jobs for about 39,000 people over the next four years.

DBL Group had earlier appealed to Beza to allocate the whole 352 acres of land of the economic zone, including 112 acres of water bodies, to the group.
Beza has provided 25 acres to Great Wall Ceramic, 14 acres to garment exporter Palmal Group and three acres to a non-resident Bangladeshi based in the United Kingdom, said Beza Executive Chairman Paban Chowdhury.
He said work was underway to establish gas transmission lines and a power substation. Palmal Group wants to set up two textile units while Great Wall a ceramic factory, he added.
The Sreehatta economic zone is expected to be the first state-owned industrial enclave to go into operation among the 60 zones Beza selected after coming into being in 2010, to encourage local and foreign investment and create jobs.
Beza has already leased out the Mongla economic zone to PowerPac Economic Zone Private Ltd, a unit of Sikder Group, to develop and operate the industrial area for 50 years.
The Mirsarai economic zone near the Chittagong port is being developed to host industries of local and foreign investors, according to Chowdhury.
Besides, Beza has issued prequalification licences for the establishment of 19 private economic zones, five of which have got the final licence.

Garment exporters hit by shrinking profits

REFAYET ULLAH MIRDHA
The garment exporters' profitability has hit a rock-bottom thanks to the continued downward price pressure by the international retailers amid rising production costs.
"In fact we are just keeping our businesses afloat," said a garment manufacturer who exports apparel items worth nearly \$500 million a year.
The price of garment items has been falling 5-8 percent every year whereas the cost of production is increasing 15-18 percent, he said.
For instance, in 2015, a pair of denim trousers fetched him \$8; the same pair is now bringing him \$7.75.
The production cost and the buying price of a pair of denim trousers are almost the same, the exporter added.
Although the export of garment items grew 10 percent in volume in fiscal 2016-17, the value remained almost the same as in the previous year, according to commerce ministry data.
In fiscal 2016-17, the growth of garment exports, which account for 82 percent of the total national exports, was also the lowest in the past 15 years.
Garment exports increased 0.20 percent year-on-year to \$28.14 billion in last fiscal year, 7.34 percent below the target of \$30.37 billion for the year.
The sector witnessed on average 16 percent year-on-year growth since 1990 up to fiscal 2015-16, according to the Policy Research Institute of Bangladesh.

Industry insiders identified some major reasons that are affecting the price levels of apparel items in Bangladesh.
Primarily, the demand for apparel items is declining in the Western world as customers progressively become more environment-minded. They are making more conscientious buying decisions: purchasing less and focusing on quality.



In 2015, the demand for apparel items worldwide declined 8 percent to \$445 billion, according to data from the World Trade Organisation.
Too many products for too few consumers are the greatest challenge facing the fashion industry, according to the Massachusetts Institute of Technology's Centre for Collective Intelligence and Materials System Laboratory.
The global garment industry manufactures more than 150 billion pieces of garments each year, but there are roughly 7.5 billion people on Earth, it said.
The garment industry is producing 50 garments for each of the roughly three billion people who have the means to consume them.
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DEFAULT LOANS OF TK 573CR Islami Bank to sell property of three SA Group units

JEBUN NESA ALO
Islami Bank has moved to sell off the mortgaged property of three companies owned by Chittagong-based SA Group to recover default loans of Tk 573.74 crore.
Through advertisements, the bank has announced an auction to sell off the machinery and a ship of: Sharija Oil Refinery, Sharija Navigation and Kamal Vegetables Oil.
Sharija Oil Refinery owes Islami Bank Tk 417.84 crore, while Kamal Vegetables Oil owes Tk 153.16 crore and Sharija Navigation Tk 2.73 crore.
"We called the auction as part of the procedure to file a case with the money loan court against the defaulter," said Arastoo Khan, chairman of Islami Bank.
Contacted, Shahabuddin Alam, chairman of SA Group, said: "Islami Bank called the auction following the legal process -- the Bangladesh Bank instructed them to do so."
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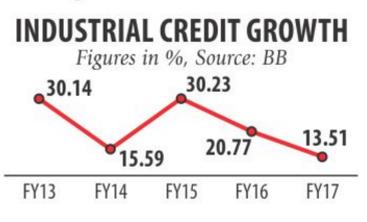
Last year, National Bank put up for sale the mortgaged property of SA Oil Refinery, another subsidiary of SA Group, to recover default loans of around Tk 215 crore.
Six other banks are at wits' end with SA Group about its irregular payment despite lending a helping hand to the business group for restructuring of its loans under a special package offered by the central bank in 2015.
SA Group restructured loans of about Tk 1,000 crore with six banks: Prime, First Security, Bank Asia, Agrani, Janata and Rupali, according to the data from Bangladesh Bank.
The business group had appealed to the central bank to extend its restructuring facility till March of this year but was refused.
It then went on to file a writ against the banks to avoid paying the instalments, said a senior BB official.
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Foreign investor may acquire minority stake in bKash

STAR BUSINESS REPORT
A foreign investor may acquire a minority shareholding in bKash, Bangladesh's largest mobile financial service provider. Brac Bank that owns 51 percent of bKash announced it through a posting on the website of Dhaka Stock Exchange yesterday.
The bank said its subsidiary bKash has entered into a non-binding 'summary of terms' under which a strategic investor may acquire a minority shareholding in bKash.
The proposed acquisition, however, remains subject to satisfactory due diligence, negotiation, completion of a definitive share acquisition agreement and compliance with all applicable regulatory requirements, according to the announcement.
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Industrial loan growth falls to 5-year low

AKM ZAMIR UDDIN
Growth of industrial loan disbursement fell to a five-year low in fiscal 2016-17 despite a sharp decline in interest on lending.
Industrial loan disbursement registered growth of 13.51 percent in the last fiscal year compared to 20.77 percent a year ago, according to data released by the central bank yesterday.
An expert and a banker said poor infrastructure and a lack of energy held back new private investments and expansion of existing ones despite political stability prevailing for over two years.
Together, banks and non-bank financial institutions disbursed Tk 300,672 crore in FY17, up from Tk 264,887 crore a year ago. They disbursed Tk 219,339 crore in FY15.
AB Mirza Azizul Islam, a former caretaker government



adviser, told The Daily Star yesterday that businesspeople had long been facing the problem of transporting merchandised goods because of rundown roads and highways.
He said the rate of interest on lending decreased remarkably in the last fiscal year but it failed to put a positive impact on the disbursement of industrial loan because of a demand-side problem.
Some businesspeople are also in uncertainty about setting up fresh enterprises ahead of next national elections, Islam said. A significant number of businesses failed to obtain electricity connections for their newly established units which forced them not to seek bank loans.
Industrial term loan decreased to Tk 62,155 crore in the last fiscal year, down 5.16 percent from Tk 65,539 crore a year ago.
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