

star

BUSINESS

DHAKA FRIDAY FEBRUARY 22, 2019, FALGUN 10, 1425 BS

starbusiness@thedailystar.net

Textile stocks fail to bring cheer

AHSAN HABIB and REFAAYET ULLAH MIRDHA

More than 40 percent listed textile mills' profits declined in the second half of 2018 thanks to the slide in prices of garment items and stockpiling of yarn for invasion of cheaper alternatives from India and China.

Of the total 53 listed textile, spinning and garment factories on the Dhaka Stock Exchange (DSE), nine companies logged in losses and 12 registered lower profits than a year earlier.

Those who saw their profits rise between the months of July and December last year logged in marginal increases.

Investors on the stock market have long been complaining that the textile, spinning mills and garment companies were not paying handsome dividend using the excuse of lower profits or losses -- although the size of those companies is bigger than in other sectors.

Take the case of Hossain Chisty Shiplu, who bought some textile and spinning companies' stocks expecting high dividends.

"I had thought that the textile, spinning and garment companies would make hefty profit since garment exports are increasing. But

COMPANIES THAT INCURRED LOSSES (JULY-DEC 2018)

COMPANY	EPS (TK)
Alltex Industries	-2.99
Dulamia Cotton	-2.28
Mithun Knitting	-0.74
Tallu Spinning	-0.62
Zahintex Industries	-0.51
Al-Haj Textile	-0.32
Mozaffar Hossain Spinning Mills	-0.27
Metro Spinning	-0.06
Maksons Spinning	-0.05

COMPANIES WITH NEGATIVE EARNINGS (JULY-DEC 2018)

COMPANY	GROWTH OF EPS (IN PERCENT)
Safko Spinnings	-64.29
Tosrifra Industries	-57.63
Anlimayarn	-56.76
Zaheen Spinning	-37.80
Hamid Fabrics	-34.31
Matin Spinning	-20.83
RN Spinning	-19.44
Far East Knitting	-16
Evince Textile	-11.39
Generation Next Fashion	-8.16
Argon Denims	-7.18
Shasha Denims	-4.89

SOURCE: DSE

I am disappointed," he added.

Some of the companies though are making good profit thanks to expansion of production capacity, installation of modern machinery, improvement in product quality and product diversification, industry insiders said.

Envoy Textiles is one such company. The company got listed in December 2012 and began paying

cash dividend from 2015, when it gave its shareholders 17 percent cash dividend and 5 percent stock dividend.

In 2018 it gave 10 percent cash dividend and 2 percent stock dividend. The previous year, it handed out 7 percent cash dividend and 5 percent stock dividend.

"We have taken so many initiatives from product diversification

and investment to recruiting new designers for keeping up with the latest market trends," said Kutubuddin Ahmed, chairman of Envoy Textiles.

The company has taken a lot of initiatives to reduce the cost of operations like reducing water consumption, energy and wastage. It is the world's first platinum rated LEED certified company for its green operations.

"We have recruited Chinese, Italian and Turkish designers so that we can manufacture different varieties of yarn and denim fabrics," Ahmed added.

A spinning mills owner whose company failed to make any profit between July and December last year said the yarn price has been on the slide in the last few months due to availability of cheap yarn from China and India.

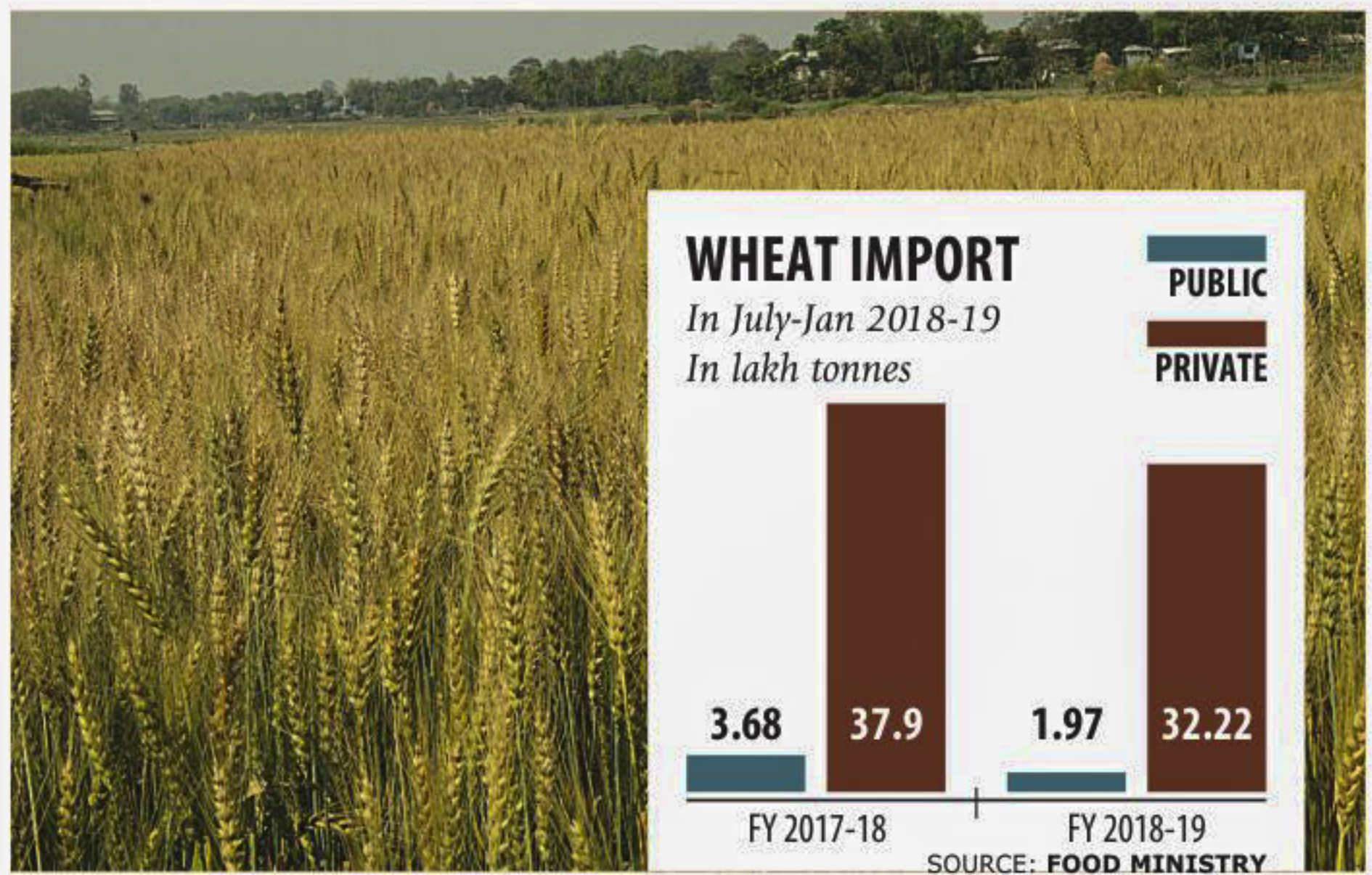
The widely consumed 30-carded cotton yarn is now selling for \$2.90 to \$2.95 a kg, down from \$3.05 to \$3.10 a kg before November last year.

"Besides, the demand for cotton-made yarn is also falling as the demand for man-made fibres is rising worldwide," the miller said.

In Bangladesh, the majority of the spinning mills produce cotton yarn, he added.

READ MORE ON B3

Wheat imports drop for higher rice harvests



SOHEL PARVEZ

Wheat imports slumped 17.8 percent year-on-year to 34.20 lakh tonnes in the first seven months of the fiscal year owing to its escalating price in the international market and the relatively lower prices of its substitute rice locally.

The import of the grain soared last fiscal year following losses for recurrent floods, according to two private importers.

Since then farmers have bagged good harvests of rice, reducing the appetite for wheat among a section of consumers.

"Rice prices are competitive this year while the prices of wheat have increased in the international market this year," said Abul Bashar Chowdhury, chairman of BSM Group, a major commodity importer from Chattogram.

The low-protein wheat's price soared to

\$240-\$270 a tonne in recent months from \$190-\$230 a year ago, he said.

In addition, higher domestic production of rice has also dampened the prices of the staple in the domestic market.

Retail prices of coarse rice, consumed mostly by the low-income people, fell 10 percent year-on-year to Tk 38-42 a kilogram yesterday in Dhaka city, according to market data by the state-run Trading Corporation of Bangladesh.

Wheat flour prices remained unchanged.

"There is a section of people who switch to wheat if the prices of rice are higher. They return to rice if the prices of the staple remain relatively low," Chowdhury said.

This is the first time since fiscal 2011-12 that wheat imports dropped. Over the last seven years, spiralling domestic demand trebled wheat import as local production fell short.

READ MORE ON B3

Bproperty gets \$10m from parent company for expansion

MUHAMMAD ZAHIDUL ISLAM

Real estate marketplace bproperty.com has received \$10 million in investment from its parent company, Emerging Markets Property Group (EMPG), in order to expand its foothold in Bangladesh.

This is one of the highest investments to be made in a single online platform in the history of Bangladesh, industry people said.

"We are very excited to have secured this investment," said Mark Nosworthy, CEO of bproperty.com, which allows people to sell, buy or rent properties online and offline.

"We have the intention to build a world-class real estate solution for Bangladesh, ensuring that all Bangladeshis have access to the information and advice they require in order to make the right property decision."

The new investment will help bproperty.com upgrade the quality of services, expand its reach throughout the country and provide clients with innovative services, Nosworthy said.

The investment will also help the entire sector face future challenges with ease, said the top official of the portal, which currently lists 25,000 properties to choose from.

The company has recently bought Lamudi.com.bd, a similar portal.

Officials of the company said bproperty is leading the development of the industry with a strong focus on ensuring transparency and building trust in real estate dealings.

READ MORE ON B3

Mirsarai will be the investment capital

BEZA chief tells The Daily Star in an interview

JAGARAN CHAKMA

Mirsarai Industrial City, which spans over 30,000 acres in Mirsarai, Feni and Sitakunda, will be the country's future investment capital, said the chief of the Bangladesh Economic Zones Authority.

"It will show the world that we can build big and heavy industries," Paban Chowdhury, executive chairman of the BEZA, told The Daily Star at his office last week.

The industrial city -- which comprises three economic zones of Mirsarai, Feni and

Sitakunda -- is being built as part of the government's plan to put 100 economic zones in place for foreign and domestic entrepreneurs by 2030 and create 1 crore jobs.

BEZA expects \$20 billion to \$25 billion to flow in to the industrial city considering the proposals it has been receiving for the last two years.

Adani Group of India, Wilmar of Singapore, Kunming Iron and Steel Group and Jindun Group of China, Sumitomo Corporation and Mitsui & Co. of Japan, SK



Paban Chowdhury

ENTITIES THAT HAVE BOOKED PLOTS IN MIRSARAI

LOCAL	FOREIGN
Summit Power	Adani, India
Bashundhara	Wilmar, Singapore
BSRM	KISC, China
PHP	Sojitz Corporation, Japan
BEPZA	Berger
BGMEA	Asian Paints
ACI	JIN Dun, China
Ananta	

Banks' CSR spending soars despite lower profits

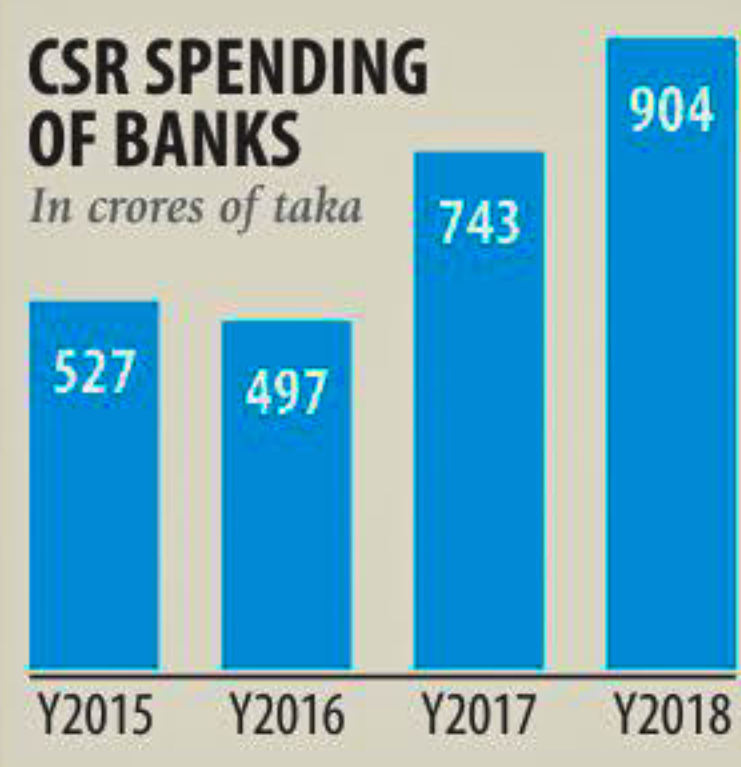
JEBUN NESA ALO

Banks' spending on corporate social responsibility shot up last year, even overshooting the regulatory ceiling -- at a time when they logged in lower profits for higher provisioning needs from the mounting default loans.

In 2018, banks spent a total of Tk 904 crore, up 21 percent year-on-year, according to data from the Bangladesh Bank.

As per the CSR expenditure guideline of the BB, banks can spend for philanthropic purposes from their net profits and there is no limit on expenditure. The expenditure will be participatory and not mandatory.

But, they cannot spend more than: 30 percent of their CSR outlay on the education sector, 20 percent on the health sector, and 10 percent for cli-



mate risk or disaster management.

Banks breached the ceilings last year: they spent Tk 380 crore on the education sector and Tk 331 crore on the disaster management, which are 42 percent and 36.62 percent respectively

of the total CSR expenditure.

The CSR spending of some banks is rather curious.

For instance, AB Bank, which is listed on the Dhaka Stock Exchange, saw its earnings per share come down to Tk 0.41 in the first nine months of 2018 from Tk 0.64 a year earlier.

Yet, it spent Tk 17.19 crore under the CSR programme last year, of which the highest 48 percent went to the 'others' sector.

In 2017, the bank's net profit was Tk 2.96 crore against which it spent Tk 17.64 crore on CSR activities, according to data from the central bank.

All the banks overshoot the regulatory ceiling when it came to expenditure on disaster management, with some spending their CSR money only for this purpose.

READ MORE ON B3

Eight ICB-managed mutual funds counting losses since 2010

AHSAN HABIB

Eight out of 37 mutual funds listed on the Dhaka Stock Exchange (DSE) have been shouldering the burden of the loss they incurred during the share market debacle of 2010.

"All the funds were issued in 2009 or 2010 when the market was at its peak and we bought the shares at a very high price," said Md Golam Rabbani, chief executive officer (additional charge) of ICB Asset Management Company Ltd.

The current per share net asset value (NAV) of the eight mutual funds -- all of them managed by ICB AMC, a subsidiary of state-run Investment Corporation of Bangladesh (ICB) -- is lower than their primary NAV.

The funds, however, provided some dividends to their holders in the

last few years thanks to their yearly performance.

Rabbani says ICB AMCL faces bindings when it comes to selling the high-priced shares and cannot get rid of them outright or even at a loss if they do not reach a certain level, leading the NAV of the mutual funds to remain low.

The NAV of ICB Third NRB, ICB Employees Provident Fund Mutual Fund, and ICB AMCL Second Mutual Fund are Tk 7.98, Tk 8.03, and Tk 9.36 respectively as of last Sunday, DSE data showed.

It was Tk 8.91 for IFIL Islamic Mutual Fund, Tk 9.91 for ICB Agrani One, Tk 8.47 for Phoenix Finance First Mutual Fund, Tk 9.54 for ICB Sonali Bank First Mutual Fund and Tk 8.84 for Prime Bank ICB Mutual Fund.

Mutual fund managers raise fund

from a number of investors to create a pool of money that is then re-invested into stocks, bonds and other assets.

Investors are effectively shareholders in the fund in proportion to their investment and entitled to get dividend from the profit of the companies' investment.

The NAV represents the net value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities.

Rabbani says ICB has to extend support to the market when required and sometimes it affects the NAV.

"The good thing is that the NAV of the funds rose in line with the recent upward movement of the market. As a result, we have got some room to sell the shares and buy other shares as well."

READ MORE ON B3