

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX			MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.43%	▲ 0.42%	Gold ▲	Oil ▼	▼ 0.54%	▲ 0.68%	▼ 0.05%	▼ 0.11%	BUY TK	83.95	97.79	110.01
4,905.03	8,470.58	\$1,870.50 (per ounce)	\$43.57 (per barrel)	43,357.19	25,520.88	2,711.90	3,338.68	SELL TK	84.95	101.59	113.81

www.sibld.com

CallCenter

16491

serving you 24/7



BUSINESS

DHAKA FRIDAY NOVEMBER 13, 2020, KARTIK 28, 1427 BS
 starbusiness@thedailystar.net

Double whammy for apparel exporters for second wave, price cut

REEFAYET ULLAH MIRDHA

The garment sector fared well in the first quarter of the current fiscal year thanks to the reopening of western retail outlets after a pause for a few months since the Covid-19 outbreak.

But now the threat of a possible second wave of the deadly virus and a price cut from the buyers in an excuse of low demand from the end-customers are holding back the recovery of the multi-billion-dollar industry.

The local exporters are fearing a slow recovery of apparel shipments as many buyers are thinking twice before placing work orders considering the second wave.

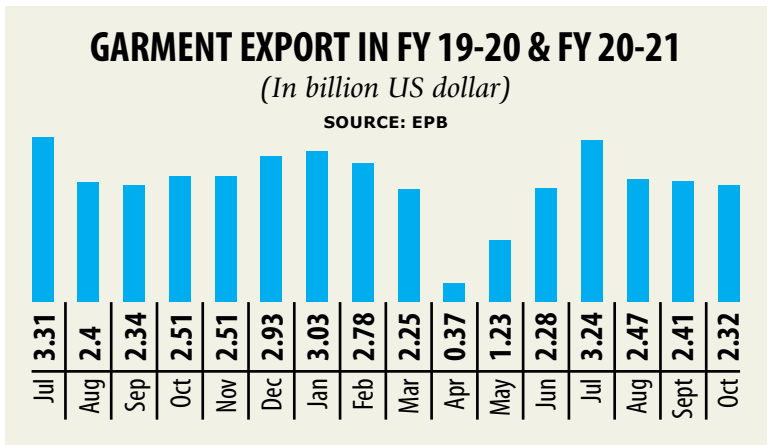
With the havoc in the supply chain, the perennial shock of offering lower prices by the buyers has been emerging as a double whammy for the exporters.

Between January and October this year, the average price of garment items shipped from Bangladesh declined by 2.43 per cent, according to data from the National Board of Revenue, Eurostat and OTEXA.

Of the decline, 1.04 per cent happened in European Union markets and 3.28 per cent in the US markets during this time, according to the data.

Now, the exporters are just trying to stay afloat amid the shock of order cancellation and abnormal deferment of payment.

Many international retailers and brands have demanded even 220 days of deferred payment, although



they signed contracts for 90 days in the letters of credit.

“We didn’t cancel work orders for the second wave. We are just adjusting our stocks,” said a European buyer seeking to remain unnamed.

“Where needed we are placing late. But in 90 per cent cases we are placing orders. There is a rumour that we are not placing orders, which is not true.”

Almost everyone has been facing the same challenge-- a low quantity of work orders and low prices, said Anwar-ul-Alam Chowdhury Parvez, managing director of Evince Group, a leading garment exporter.

Buyers have become very cautious about placing work orders, he said.

So, a lot of local suppliers have missed the annual sales bonanza centring the Christmas to some extent, as many important export destinations have already

announced partial lockdowns to keep the virus at bay, he said.

The demand for woven garment mainly declined although the demand for knitwear items is still there. Food items have now replaced apparels in the customers’ priority list, he said.

Moreover, the western retailers are now concentrating more on saving capital instead of going for new orders, he added.

Parvez hoped the arrival of vaccines in the market may bring back confidence.

The export of health safety related clothing items has been on the rise, he said.

“So, while the industry struggles to retain 1-2 per cent as income, and during the time of pandemic there is no question of making a profit, such decline in prices is quite frightening, particularly if we try to draw a generalised understanding of the financial health of the industry and its resilience to turn around,” said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

An industry playing on a thin margin is not supposed to bear out such a huge blow for a long time, she said.

The decline in prices is a long-drawn-out trend and the Covid-19 has only worsened the situation, she said.

No outsiders in board meetings, reminds BB

AKM ZAMIR UDDIN

Some banks now permit outsiders to take part in their board of directors’ meetings, a practice that can be viewed as a breach of rules and severe lack of corporate governance in the banking sector.

As confidential issues of clients are discussed in the meetings, the information leak because of the presence of outsiders, which put an adverse impact on the interest of depositors, according to a central bank finding.

Against this backdrop, the Bangladesh Bank yesterday warned banks, asking them not to allow non-members of their respective boards at the meetings under any circumstances.

Along with the outsiders, shareholders and officials of the banks are frequently attending the board meetings going against the banking regulation.

Only the company secretary is allowed to attend the board meeting on a regular basis. Boards, however, are permitted to invite officials concerned, who are needed to dedicatedly present particular issues of the banks, at the board meeting.



But the officials will have to leave the meeting once they have accomplished their assignment.

In 2013, the central bank carried out a sudden investigation at a board meeting of a private bank where it discovered some outsiders taking part in the meeting.

This forced the central bank to issue a notice in December 2013, instructing lenders not to allow any outsiders to board meetings.

READ MORE ON B3

Govt to set up 6 rice mills with drying, storage units

REZAUL KARIM BYRON and HELEMUL ALAM

The government has taken up an initiative to set up six composite rice mills along with drying and storage facilities under public-private partnership (PPP) in the country’s southern region.

The cabinet committee on economic affairs chaired by Finance Secretary AHM Mustafa Kamal yesterday gave approval to the proposal.

Food Secretary Dr Mosammat Nazmanara Khanum told The Daily Star that the mills would be set up in Faridpur, Barishal, Jhalkathi, Bhola, Naogaon and Sylhet districts, each with a storage capacity of 28,000 tonnes of rice.

Each will have a milling capacity of 16 tonnes per hour, she said.

Khanum said the project would be implemented on a PPP basis and lots of discussions have been carried out about it in the meeting.

The government will seek private

investors to finance the project and the government will provide just the land, she said. This is because government-owned projects tend to not run for long and get shut down, such as those of Bangladesh Jute Mills Corporation, she added.

Khanum said there was no government-owned rice mill in the country and these were the first ones of their kind.

The number of rice mills in the southern districts is next to nothing, for which the government has to pay around Tk 900 for the transportation of every tonne of rice, she said.

If there are rice mills present, the transportation cost of the government will be reduced, she said.

The cabinet committee on purchase yesterday approved eight proposals worth Tk 16,271.48 crore, including five of the industries ministry and one each of the agriculture ministry, power ministry and road transport and highways division.

READ MORE ON B3

Walton posts lower profits in Q1

AHSAN HABIB

Walton Hi-Tech Industries, one of the country’s leading electronics producers, yesterday said its profits declined in the first quarter of the ongoing fiscal as consumers continue to spend cautiously amid the ongoing Covid-19 pandemic.

The company’s earnings per share fell 12 per cent year-on-year to Tk 13.26 in the July-September period, down from Tk 15.07 in the same period a year ago, according to a posting on the Dhaka Stock Exchange website.

At the same time, Walton’s net profit dropped 12 per cent year-on-year to Tk 401.71 crore.

Although the local electronics maker registered lower sales over the past few months, its share price rose to Tk 837.20 as of yesterday, a 7.5 per cent increase compared to that the day before.

“The company has the potential to recover its lost sales in the upcoming quarters if a second wave of the Covid-19 infections does not occur. If so, the stock price will go up,” Rahat Ali, a stock investor, said after Walton’s disclosure.

“People were reluctant to pour money into luxury products, so Walton’s sales fell,” he added.

The drop in sales was mostly due to a decreased demand for refrigerators and air conditioners. Sales in this segment dropped 9 per cent to Tk 1,265 crore compared to the same period the previous year, the company’s financial report shows.

Both the local and international demand for these products declined because of the economic uncertainty brought about by the Covid-19 as people are now reluctant to spend big on luxury items.

And so, decreased sales were a common sight for the sector, be it in the local or international market, said Abul Bashar, additional managing director of Walton Hi-tech Industries.

Air-conditioner and refrigerator sales were hit because of a general disinclination towards cold water and air amid the ongoing crisis.

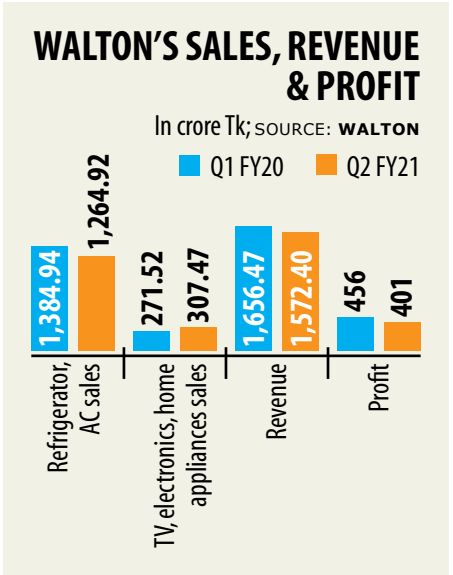
“But the situation will change once the pandemic ends,” he added.

According to another senior official of the company, televisions, refrigerators, and various other electronics are not luxury products as they are all now a part of a person’s daily needs.

“People wanted to stay at home throughout the quarter to avoid infection and so, our overall sales dropped,” he said.

The sales of televisions, home appliances and other personal electronics rose 13.24 per cent to Tk 307 crore at the same time.

Besides, thanks to a lower tax regime, the newly listed company’s cost of funds against bank loans dropped 19 per cent to Tk 35.15 crore.



“In the current quarter, both our domestic and international sales are good enough,” the official said, adding that Walton faced some issues in exporting to Indian markets, but the problem would soon be resolved.

“Our exports to India will increase in the coming years,” the Walton official said.

If the second wave of coronavirus comes about, Walton will try to cope with the situation and face any new challenges in innovative ways, he added.

Walton raised Tk 100 crore from the stock market this year.

READ MORE ON B2

Revenue collection rises in Jul-Oct

STAR BUSINESS REPORT

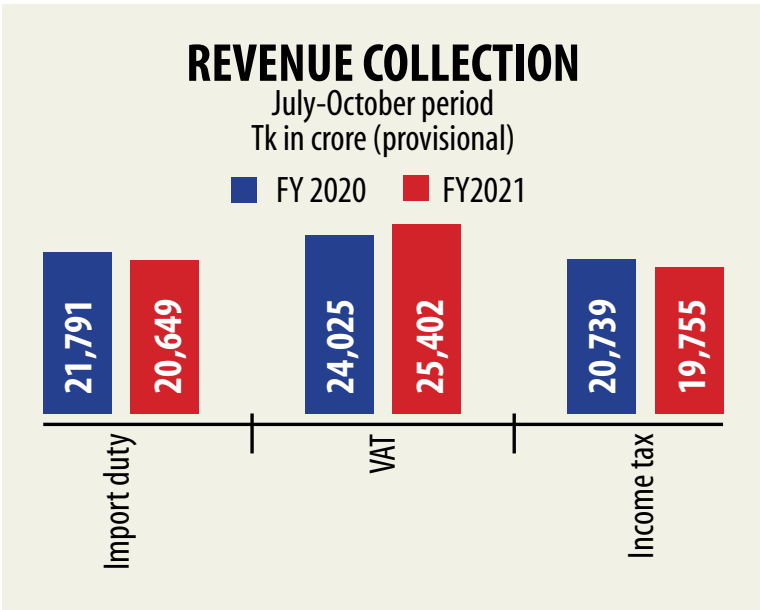
The National Board of Revenue collected 1.14 per cent higher tax of Tk 66,555 crore in the July-October period thanks to increased receipts from income tax and import tariff.

The overall collection was, however, Tk 20,445 crore short of the target in the four months to October. The tax authority had targeted to log in Tk 87,000 crore in revenue in the period, according to data shared by the NBR yesterday.

“Despite sluggishness in the economy amid the coronavirus pandemic, we have been able to collect higher revenue,” said NBR Chairman Abu Hena Md Rahmatul Muneem at a press briefing at the NBR headquarters.

The tax collector organised the event to share the preparations it took to assist taxpayers to furnish income tax returns for the current year at the field offices of tax as it is not holding the tax fair this year to reduce the risk of the spread of the viral disease.

Muneem said the NBR will



not extend the income tax return submission deadline, which is November 30. However, taxpayers can file returns in the next four months by securing time extension from the tax offices after the expiry of the deadline.

The NBR said each tax zone made arrangements in a way that look like tax fairs to facilitate taxpayers to file returns.

Provisional data prepared by the NBR showed that taxmen collected Tk 20,740 crore in the July-October

period, up 5 per cent from a year ago.

Import tariff collection increased by 5.5 per cent year-on-year to Tk 21,790 crore. Collection of the biggest source of revenue, value-added tax (VAT), declined 5 per cent to Tk 24,025 crore.

Muneem said there is a huge potential of collection of VAT because of a wider scope provided in the VAT law.

However, the NBR can’t take the full advantage as the main transactions are not taking place through debit and credit cards.

He said the pilot phase of installing electronic fiscal devices at 100 shops in Dhaka and Chattogram became successful.

The revenue authority installed EFDs at 824 shops in two cities and a total of 1,000 EFDs will be set up at shops and be operational by December.

At the briefing, Muneem also talked about the revenue collection from tech giants such as Facebook and the projects taken by the NBR to automate revenue system.

READ MORE ON B3

Square Pharma logs higher earnings

STAR BUSINESS REPORT

Square Pharmaceuticals posted higher earnings in the July-September quarter as the number of people seeking healthcare has gone up following a dip in turnout in the previous quarters amid the pandemic.

The country’s biggest pharmaceutical manufacturer in terms of market capitalisation said its earnings per share rose by 17 per cent year-on-year to Tk 4.66 in the July-September, according to a posting on the Dhaka Stock Exchange (DSE) website.

The April-June period of the last fiscal year was not good for pharmaceutical companies and many witnessed low profits.

During that quarter, the general holiday declared by the government in a bid to curb the spread of Covid-19 was in effect.

Over the two-month lockdown that began on March 26, people were reluctant to visit



hospitals and doctors’ chambers, resulting in lower sales for the country’s drug makers, a top official of Square Pharmaceuticals said.

People are now returning to the hospitals and doctor’s chambers for issues other than

Covid-19. So, drug sales rose in the July-September quarter, he added.

Stocks of Square Pharmaceuticals rose 0.74 per cent to Tk 203 yesterday compared to the previous day. Summit Power also gained 1 per cent in share price, which stood at Tk 40.

The private power producer yesterday reported its first quarter earnings. Its EPS declined 7 per cent to Tk 1.29 from Tk 1.40 year-on-year.

In the first quarter, Pran’s EPS dropped 7.58 per cent to Tk 1.95.

“The fall in the earnings is mainly due to the pandemic,” said Abdur Rahman, company secretary of AMCL (Pran).

“Almost all businesses were impacted over the last few months and we were no exception. Still, the normal business situation has not returned,” he said.

Agricultural Marketing Company (AMCL-Pran) dropped 0.91 per cent to Tk 185 on the DSE yesterday.