

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 1.24%	▼ 1.14%	\$1,853.31	\$55.41	▼ 1.50%	▼ 0.44%	▼ 0.85%	▼ 0.40%	BUY TK 83.95	101.15	114.00	12.73
5,836.18	10,272.43	(per ounce)	(per barrel)	48,878.54	28,631.45	2,991.53	3,606.75	SELL TK 84.95	104.95	117.80	13.38



# Star BUSINESS

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## Private credit growth inches up in Dec

Development not extraordinary, bankers say

AKM ZAMIR UDDIN

Despite demand for loans being suppressed by the ongoing business slowdown, private sector credit growth crept up in December after undergoing a steep descent in the previous two months.

The year-on-year credit growth stood at 8.37 per cent in December, up from 8.21

per cent a month earlier, showed data from Bangladesh Bank.

In its monetary policy statement for fiscal 2020-21, the central bank set a private sector credit growth target of 11.5 per cent by December last year and 14.8 per cent by June this year.

But till date, this has turned out to be far from reality because of the financial

SOHEL PARVEZ

The need to maintain social distancing in order to avoid infection amid the ongoing coronavirus pandemic has buoyed the global demand for bicycles.

And with Bangladesh being an exporter of bikes, the country is also reaping the benefits of the spiraling demand for two-wheelers.

Bicycle exports are surging as an increasing number of people are using two-wheelers to avoid mass transportation that puts them at risk of infection, such as buses and the metro.

Bike shipments amounted to \$65 million in the July-December period of fiscal 2020-21, marking a 44 per cent year-on-year growth, according to data from the Export Promotion Bureau (EPB).

This was the highest ever half-yearly export growth in the past five years for bike exports.

"A growing number of people, particularly in Europe, are using bicycles in order to maintain social distancing," said Md Luthful Bari, director of operations of Meghna Group, the country's biggest bike exporter.

Besides, a section of people who used to go to the gym for exercise now ride bicycles as an alternative, he added.

Bangladesh fetched \$126 million from bike exports in fiscal 2014-15, which was the highest in the last 10 years.

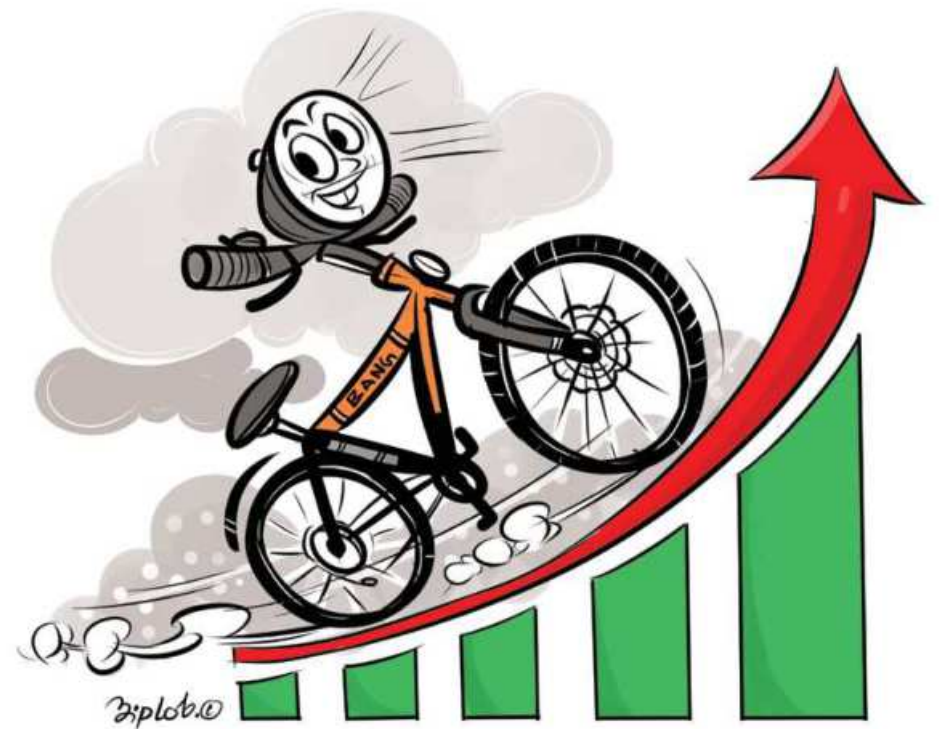
But since then, bicycle shipments, which are mainly destined for European markets, had been on the wane, EPB data shows.

Exporters said the closure of bike factories in China following the Covid-19 outbreak affected production and created more demand among buyers to look for alternative sourcing destinations.

"Many big companies used to buy in big volumes exclusively from China but after the spread of coronavirus there, they realised the importance of diversified sourcing," said Joydul Abedin, chief operating officer of RFL Bike Industry, a concern of PRAN-RFL Group.

"As Bangladeshi products have a good name

## Social distancing proves a boon for bicycle exporters



in European markets, we are getting many queries," he added.

Some six companies make bicycles for export mainly to Europe to reap the benefits of the duty-free entry that Bangladesh enjoys as a least developed country.

Abedin also said that a new market for bicycles is opening up because of a trade war between China and the US.

"Though we do not have the generalised system of preferences facility for the US, we still started getting orders from US buyers. This new market will help us grow at an even faster pace for the next five years," he said, adding that the Indian market also has good potential.

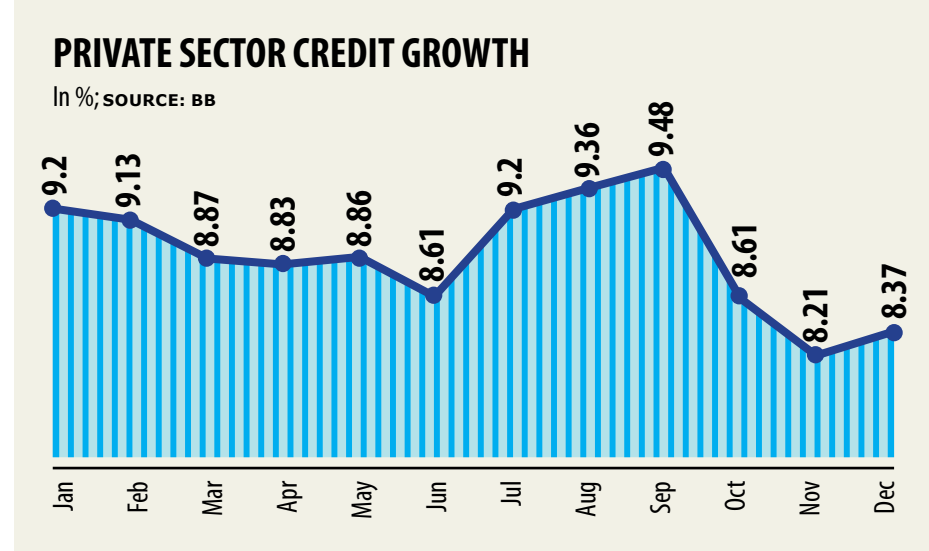
"I see a huge opportunity to grow Bangladesh's export market in the bicycle industry. After

the garment industry, this is going to be the second biggest export market which will help Bangladesh move to the next level," Abedin said.

Bari, also secretary of the Bangladesh Bicycle & Parts Manufacturers' and Exporters' Association, expects that export earnings from bicycles will cross \$115 million by the end of the ongoing fiscal year.

"We have a good flow of orders," he said, adding that government support in the form of cash incentives would be helpful to increase exports.

Apart from export, the domestic market for bikes also expanded in 2020 thanks to the increased demand for alternative modes of transport to maintain social distance, Abedin said.



meltdown brought on by the coronavirus pandemic.

Banks add accrued interest to the principal amount of loans in the final month of every quarter, which usually pushes up credit growth temporarily, said bankers.

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## SR Group sets up largest chemical plant in north

Invests Tk 850cr, targets garment and cosmetics industries

MOSTAFA SHABUI, Bogura

SR Group has set up a chemical manufacturing plant in Bogura, the largest of its kind in the northern region of the country, at an investment of Tk 850 crore. The project went into operation last month.

Located on 35 acres of land in the Mirzapur area on the Dhaka-Rangpur highway under Sherpur upazila, SR Chemical Industries was established last year and started producing caustic soda on December 16.

So far, it has manufactured more than 650 tonnes of liquid caustic and 450 tonnes of caustic soda and sold them in the domestic market.

The products are being used in paper mills, water treatment plants, and disinfectant industries, according to Asif Rabbani, managing director of SR Chemical.

"We have a ready market in the garment and textile industries. Therefore, we have established this factory as a backward linkage of the growing garment, textile

and cosmetic industries in the country," he said.

The annual production capacity of the factory is 54,000 tonnes, including 30,000 tonnes of caustic soda, 12,000 tonnes of bleaching powder and 12,000 tonnes of bleaching fine. Some other items will be produced as byproducts.

Once full-fledged production begins, it can produce seven types of chemicals, including caustic soda (flake), liquid caustic bleaching power, bleaching fine, hydrochloric acid, sodium hypochlorite and liquefied chlorine worth Tk 500 crore annually.

Half of the products will be exported to South Asian countries, Rabbani added.

It has a sales contract with bleaching fine technology partner Dezhou Chemicals of China, which will buy at least 50 per cent of the bleaching fine product.

About 60 per cent of the fund came from Islami Bank Bangladesh and the rest from SR Group's own coffers.

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A view of SR Chemical's plant in Bogura's Sherpur upazila. Inset, A man works inside a laboratory of the factory.

## Lead banks selected for CMSME loan disbursement

STAR BUSINESS REPORT

Bangladesh Bank yesterday selected lead banks for every district in order to speed up the disbursement of loans among cottage, micro, small and medium enterprises (CMSMEs).

A lead bank will play a major role in giving out loans to CMSMEs, according to a notice issued by the central bank. The lead organisation will assist all banks and non-bank financial institutions in a district such that the small business will avail their desired loans appropriately.

The banking regulator started to select lead banks since last year, but many of them did not play their due role set by the BB, a Bangladesh Bank official said.

Against the backdrop, the central bank issued the notice, publishing the list of the lead banks for every district, he said.

The lead bank will organise opinion exchange meeting at upazila and district level in order to speed up the CMSME loan disbursement, which will ultimately help recover the business slowdown at a fast pace.

The respective deputy commissioner of every district will lead the CMSME loan disbursement process.

A monitoring committee of CMSME loan disbursement has already been formed in every district, which will also supervise to give out the stimulus package of Tk 20,000 crore properly to the sector.

Banks have so far disbursed around Tk 12,000 crore of the CMSME package to clients. The whole package will have to be distributed within March.

## Beximco Pharma stocks soar on Sanofi takeover news

STAR BUSINESS REPORT

While investors continued to exhibit a tendency towards profit-booking, stocks of Beximco Pharmaceuticals rose 5.15 per cent to Tk 208.40 yesterday after news broke that it would buy a major stake in Sanofi Bangladesh.

The DSEX, the Dhaka Stock Exchange's (DSE) benchmark index, dropped 20 points, or 0.35 per cent, to 5,815 yesterday.

The local drug company's stock was the most sought-after of the day thanks to the firm's recent announcement that it would buy 54.6 per cent of Sanofi's Bangladesh unit in order to diversify its product base.

The remaining 45.4 per cent shares are owned by the Bangladesh government, according to a disclosure on the DSE website.

The base-price consideration for the majority stake is £35.5 million, subject to the deduction of the

company's net financial debt and adjustments for short or excess over an agreed normative working capital at the closing date, it said.

The final consideration, which may be up to a maximum of £40 million, would be paid in cash on completion of the proposed

transaction from a combination of Beximco Pharma's own cash resources and additional debt.

It is anticipated that the proposed transaction will be completed within the next three to nine months, it added. Beximco Pharmaceuticals also topped the

turnover list yesterday with trade worth Tk 256 crore followed by Beximco, LankaBangla Finance, Robi Axiata and Summit Power.

Investors realised that the company has huge potential all on its own while the purchase of a majority stake in Sanofi will only enhance it, according to a stock broker.

"So, they are buying its stocks," he said, adding that they should remain cautious since its value has already more than tripled over the last few months.

Investors have been pouring their money into all of Beximco Group's concerns for the past few months, so all the stocks have been rising, said a merchant banker preferring anonymity.

Some of the companies performing well for the past few months include Beximco, Beximco Pharmaceuticals, IFIC Bank and Shinepukur Ceramics, all of which are concerns of Beximco Group.

## Beximco clocks 77pc higher revenue

STAR BUSINESS REPORT

Beximco raked in a 77 per cent higher revenue to Tk 1,656 crore in the first half of fiscal 2020-21, thanks to an increase in the export of personal protective equipment (PPE) and face masks.

Meanwhile the profits booked were also higher by two and a half times, or 252 per cent. In figures, it is Tk 167 crore.

The local drug maker logged profits of in the last six months.

"Our revenue and profits rose mainly due to higher sales of PPE, masks and other pandemic related products. These products were sold in the USA and UK," said Company Secretary Mohammad Asad Ullah.

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## Employees urge Sanofi to pay benefits before handing stake

STAR BUSINESS REPORT

The workers and employees of Sanofi Bangladesh Ltd have demanded the French multinational company provide all benefits to the staff before handing the entire stake of its local unit to Beximco Pharmaceuticals.

The Sanofi Bangladesh Limited Workers-Employees Association (SBLWEA) alleged SBL was exiting the country without giving any compensation to its employees.

In a statement, Sanofi Bangladesh, however, "Since the beginning of this process, Sanofi has consistently reaffirmed that our employees' interests will be integral in the final selection of the buyer of the stake in the company."

The briefing came after Beximco Pharmaceuticals announced on Thursday that it was set to acquire 54.6 per cent stake in Sanofi Bangladesh for about Tk 400 crore, as it looks to expand its product base and diversify into new areas.

With this, the French pharmaceuticals giant will exit Bangladesh ending its presence in the country that spans more than six decades, as it has been struggling to compete with local companies.



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