

## Bangladesh's exports to India to grow record \$2b by FY22

### STAR BUSINESS REPORT

Bangladesh's exports to the Indian markets are expected to reach \$2 billion for the first time at the end of the current financial year as the demand for Bangladeshi products is increasing to the neighbouring country.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) said this in a statement following a meeting between Indian High Commissioner to Bangladesh Vikram K Doraiswami and FBCCI President Md Jashim Uddin at the FBCCI office in Dhaka yesterday.

In the last one year, the trade between Bangladesh and India increased by 94 per cent, it said.

Addressing the meeting, Doraiswami said his country wants to improve trade and investment relations with Bangladesh in the areas of logistics, food processing, automobiles and garments.

He also sought cooperation from FBCCI for strengthening the bilateral trade relations between the two countries.

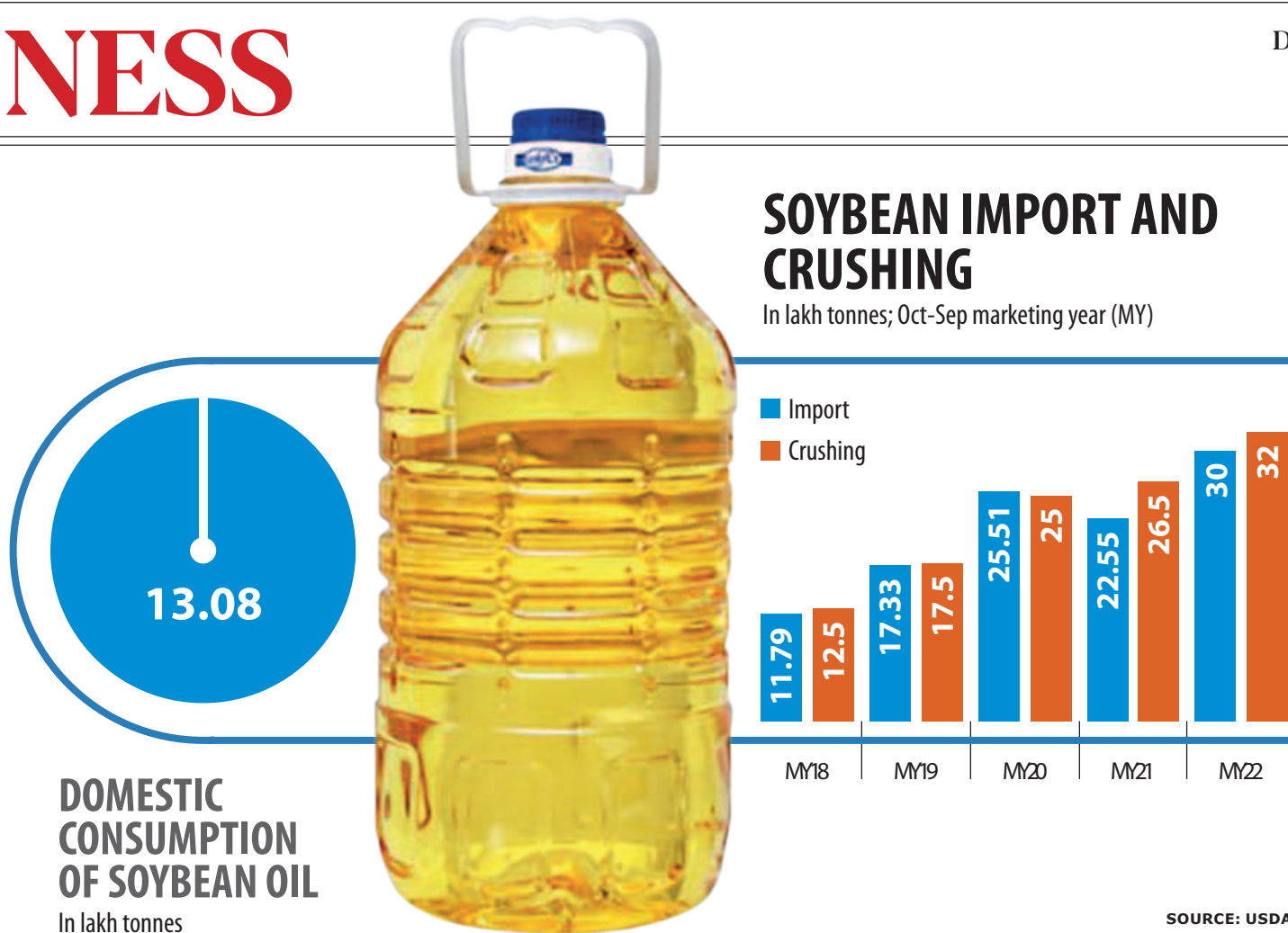
Md Jashim Uddin said the development of the logistics sector is the prime agenda of FBCCI.

The apex trade body is working to submit a 12-year plan to the government for the development of the logistics sector, he added.

On India's trade potential with Bangladesh, the FBCCI president said India could be a major supplier of yarn and cotton to the garment industry soon.

Doraiswami further said a new gate would be opened soon at Petrapol land port to facilitate the movement of trucks.

India is keen to facilitate trade between the two countries and therefore, the issue will get importance in the secretary-level meeting next February, he added.



**DOMESTIC CONSUMPTION OF SOYBEAN OIL**  
In lakh tonnes

# Soybean imports to rise for a hike in crushing by local mills

### SOHIEL PARVEZ

Bangladesh's soybean imports will likely grow 33 per cent in marketing year (MY) 2021-22, beginning in October and ending in September, thanks to the increased oilseed crushing capacity of local mills.

The country, which is highly dependent on foreign markets to meet its edible oil requirement, may import 30 lakh tonnes of soybean in MY 2022, up from 22.55 lakh tonnes the previous year, the US Department of Agriculture (USDA) said in its "Oilseeds: World Markets and Trade" report released last week.

The agency forecasts soybean crushing of 32 lakh tonnes in the current marketing year, or 21 per cent higher year-on-year.

"Overall soybean crushing will rise," said Biswajit Saha, director for corporate and regulatory affairs of City Group, which operates the biggest seed crushing mill in Bangladesh.

Apart from City Group, Meghna Group of Industries and Globe Pharma Group of Companies are engaged in crushing oilseed to market soybean oil as well as act as key suppliers of soya meal for the huge animal and fish feed industries.

Bangladesh requires 20 lakh tonnes of soybean meal, 80 per cent of which comes from local seed crushing mills, according to industry operators.

"Local mills have the collective

capacity to crush 52 lakh tonnes of seed annually and all of the seed crush mills process roughly 27 lakh tonnes each year," said Saha of City Group, which produces soya meal and rapeseed cakes from oilseed mainly imported from Latin America.

**Local farmers grew soybean on 78,700 hectares of land to bag 1.35 lakh tonnes of soybean in the 2020-21 fiscal year ending in June, according to data from the Department of Agricultural Extension, which aims to bring 79,000 hectares under cultivation in the current fiscal year.**

Md Shafiul Ather Taslim, finance director of TK Group, said the company's mills, established at Muktarpur, Munshiganj are almost ready.

Crushing at the mills, which have a daily seed pressing capacity of 2,500 tonnes, has been delayed for volatility in the price of soybean in the international market,

"But we expect to start the mill in three months," he added. USDA data showed that Bangladesh's annual imports of soybean oil has been falling due to

increased seed processing by local mills.

The country, which imported 8.59 lakh tonnes of soybean oil in MY 2018, is forecasted to bring in 6.8 lakh tonnes of edible oil in the current marketing year.

However, consumption of soybean oil is projected to rise 7 per cent to 13.23 lakh tonnes in MY 2020-21, up from 12.41 lakh tonnes the previous year.

"We are gradually shifting away from crude oil imports to seed," Taslim said.

City Group's Saha said the rate of value addition for seed crushing is higher for local mills and the export of soymeal last year was a testament to that.

Exports came to a stop after the government slapped a ban in October 2021 in the face of demand from local feed millers, poultry and dairy producers on the grounds of soaring feed prices.

The USDA also projected a recovery in Bangladesh's yearly consumption of vegetable oil to 30 lakh tonnes in MY 2022 from 29.8 lakh tonnes the previous year. The nation consumed 33 lakh tonnes of edible oil in MY 2020, USDA data shows.

Local farmers grew soybean on 78,700 hectares of land to bag 1.35 lakh tonnes of soybean in the 2020-21 fiscal year ending in June, according to data from the Department of Agricultural Extension (DAE), which aims to bring 79,000 hectares under cultivation in the current fiscal year.

## City Bank reappoints Mashrur as MD

### STAR BUSINESS DESK

Mashrur Arefin has been reappointed as managing director and chief executive officer of City Bank Ltd for another three-year term with effect from January this year.

Arefin's reappointment was approved by the bank's board of directors after getting the nod from Bangladesh Bank.

Aziz Al Kaiser, chairman of the bank, confirmed the reappointment, according to a press release issued by the bank yesterday.

Arefin took over the charge of the bank as MD and CEO in January 2019 for a three-year term.

He started his career

with ANZ Grindlays Bank as a management trainee officer in 1995.

He also worked for Standard Chartered Bank, American Express Bank, Citibank NA, Brac Bank and Eastern Bank during his 27-year career.



## Secret Recipe opens in Gulshan

### STAR BUSINESS REPORT

Malaysian restaurant chain Secret Recipe yesterday launched a new outlet at Gulshan Avenue in Dhaka.

Prof Shibli Rubayet Ul Islam, chairman of the Bangladesh Securities & Exchange Commission, and Ruhul Alam Al Mahbub, chairman of Fair Group, which is running the chain in Bangladesh under a master franchise, inaugurated the outlet.

"The food business has become an art all over the world. Our GDP has already increased, our standard of living is improving," said Islam in a press release.

"We also want to go world class in the future towards food quality and recipes. Secret Recipe is doing that," he said. The chefs and employees have all been provided training. This will give them better job opportunities in the market abroad, Mahbub said.

Muttasim Daiaan, director of the group, and KSM Mohitul Bari, adviser and head of business at Secret Recipe, were present.

Secret Recipe currently operates more than 440 outlets, across regions, including Malaysia, Singapore, Cambodia, Indonesia, Thailand, China, Brunei, the Maldives and Bangladesh.

**Malaysia-based restaurant chain Secret Recipe currently operates more than 440 outlets across Asian regions**

## Little perks for good firms

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Financial reports of many companies do not reflect the true earnings of their preceding five years of operation for various ongoing socio-economic factors, he said.

In the new system, a company's valuation is done on the basis of financial variables of the recent five years.

Besides, companies will continue to shy away from the market due to the uniform valuation method for bidding.

In addition, first come, first serve basis is not also justifiable and therefore, pro rata system should be introduced within the process.

Moniruzzaman recommended going back to the previous book on the building process, where the bidding method would be open and competitive.

"It should be a competitive process and if anyone buys it at a higher price, they will pay the price," he said.

"The BSEC should check whether there is any manipulation in the debut trading of an initial public offering (IPO) shares. If it can be checked, then the high price bidding would be stopped added Moniruzzaman, also managing director of IDLC Investments.

Richard D Rozario, president of the DSE Brokers Association of Bangladesh echoed the same, saying the new process would not be favourable for listing well performing conglomerates.

"They deserve good prices so the system should allow eligible investors to bid following many other

valuation processes," he said.

If anyone bids an excessive price, then they should be punished, he said.

However, the whole process should not become a victim to the actions of a few bad eggs.

"The new book building process is almost like a fixed method as the bidding price of all would be almost similar," Rozario added.

Most eligible investors bid for shares of JMI Hospital at Tk 25 due to the almost same valuation method, according to data from the DSE.

In the last bidding, the process ended within a few seconds too. Now, there is an easy solution that is giving shares to all bidders.

The bidding time was three days but those who bid within only 5.44 seconds of the start said they won the bid, the data shows.

Answering a question, Rozario said the stock market regulator did it for good intentions of blocking higher price bidding.

In the new book building method, the BSEC allots the price based on a simple average of a company's asset value and yield analysis.

"The bidder shall not bid exceeding 1.2 times of the value," he said.

Every system has a positive and negative side and the BSEC definitely made the change for good intentions, said Arif Khan, vice chairman of Shanta Asset Management.

The regulator always wants to ensure a reasonable price of a stock in its IPO.

"Now, it can be reviewed

after taking the views of the market stakeholders," Khan said.

"Actually, the rules are for the betterment of people so they can examine it further to see the best fit for the stock market," added Khan, who is also a former commissioner of the BSEC.

In 2020 and 2021, six companies got listed through the book building method with a premium of Tk 608 crore. The companies are Walton, Mir Akhter Hossain and Energypac Power Generation, Lub-rref Bangladesh, Index Agro Industries, and Baraka Patenga Power.

BSEC had fixed the valuation method to prevent overvaluation in the book building system to discover the IPO price.

However, since two methods are prescribed, everyone is bidding in the upper limit to get shares, said Mir Ariful Islam, CEO of Sandhani Asset Management

As a result, in case of a small issue, the allotted share was exhausted in five to six seconds, he added.

To solve this problem, Islam recommends that the BSEC consider more valuation methods and other alternative share distribution/allotment systems.

"All the indicators of a company are considered in new methods so I don't see any problem to find a good price," said BSEC spokesperson Mohammad Rezaul Karim.

The BSEC fixed the method as some of the companies got excessively higher prices in bidding, which ultimately did not

sustain.

So, general investors who bought the shares in the IPO were impacted, he said.

If any multinational company say that any other option may be a better fit for them to come to the stock market, then the BSEC may consider alternatives.

"Likewise, if any stakeholder brings some other valuation process which is good to discover justifiable prices, then the commission can examine it," Karim added.

### Farmers get 10

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crisp and delicious with a lifespan of 145 days.

The trial of Dhan-2 developed by Brac yielded 7.36 tonnes per hectare. The grains are a thin, fragrant and early variant with a lifespan of 139 days.

The six hybrid varieties of paddy were registered and released after reviewing the results of their trial cultivation, the ministry said.

Addressing the meeting, Agriculture Secretary Islam said the hybrid varieties of paddy provide high yields.

So, the agriculture ministry is now focusing on the innovation and cultivation of hybrid varieties to increase production using less land, he added.

Islam went on to say that about 218 new varieties of paddy have already been registered.

"But from now on, importance will be given to the registration of varieties that will benefit farmers in a more quality and long-lasting manner," he said.



## MTB appoints Nazmul as group CFO

### STAR BUSINESS DESK

Mutual Trust Bank (MTB) recently witnessed the appointment of its new group chief financial officer (CFO).

The appointee, Mohammad Nazmul Hossain, had been serving Modhumoti Bank Ltd in the same capacity, according to a statement from MTB.

He previously worked in Prime Bank Limited as acting CFO as well.

He is a Fellow Chartered Accountant of the Institute of Chartered Accountants of Bangladesh who completed his chartered accountancy training from KPMG Bangladesh.



**Ala Ahmad, chief executive officer of MetLife Bangladesh, launches the '360Health', a healthcare mobile app, at the insurer's Motijheel head office in Dhaka yesterday. The new app-based solution will focus comprehensively on prevention of diseases, early diagnosis, access to treatment, ongoing care and financial protection from insurance.**

PHOTO: METLIFE BANGLADESH

## Exporters enjoying

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The new normal has made people eager to revamp their wardrobes, with two-thirds (67 per cent) of consumers likely to swap out clothes, said Stitch Fix.

On an average, they are looking to replace about one-third of their wardrobe, with 33 per cent planning to replace at least half.

People got a taste for comfort during lockdowns, and they are not about to give it up — almost one-third (31 per cent) would rather take a 10 per cent pay cut than dress up for work every day — but they still want to balance it with style.

Workwear like stretchy blazers, knoven (knit + woven) tops and elastic-

waist bottoms are proving that both are attainable, according to Stitch Fix findings. So long, sweatpants — the 30 per cent year-over-year increase Stitch Fix saw in denim sales suggests denim is back in a big way. Today, clients are turning toward straight leg, wide leg and relaxed styles over skinny jeans.

## BoJ lifts inflation forecast

### AFP, Tokyo

Bank of Japan (BoJ) revised its inflation forecast on Tuesday and adjusted its view of price risks, while leaving its monetary easing policy in place in a nod to lingering pandemic uncertainty.

As prices rise swiftly in other economies, Japan's inflation remains relatively feeble, and still far below the long-held two percent target seen as necessary to turbo-charge

the world's third largest economy. In a quarterly report on prices and the economy, the central bank said it now forecasts inflation of 1.1 per cent for the fiscal year to March 2023, up from its previous forecast of 0.9 per cent.

It also revised up its forecast for the fiscal year to March 2024 to 1.1 per cent from 1.0 per cent, leaving the projection for the current year unchanged. "The projected rate of increase in the CPI (consumer price

index) for fiscal 2022 is somewhat higher, mainly reflecting a rise in commodity prices and the pass-through of that rise to consumer prices," the central bank said.

It declared "risks to prices are generally balanced," adjusting its previous assessment of risk as "skewed to the downside."

"The BoJ revised down its growth forecast for the current fiscal year to 2.8 per cent from the previous 3.4 per cent.