

Envoy to set up R&D lab with Spanish company

STAR BUSINESS REPORT

Envoy Textiles is going to set up an eco-efficient lab facility in a joint venture with Spanish textile solutions provider Jeanologia to develop new products to cater to the global market for denim.

Investors responded positively to its disclosure yesterday as Envoy shares rose 1.86 per cent to Tk 43.7 at Dhaka Stock Exchange (DSE).

The leading textile exporter said it decided to go for signing a know-how transfer and collaboration agreement with Jeanologia to set up the lab at Envoy's factory premises.

The initial investment for the project would be €270,000 (Tk 3 crore) for 12 months. The contract is subject to renewals, according to a filing by the Envoy at the DSE.

"This will give us an opportunity to develop new products and compete in the world market," said M Saiful Islam Chowdhury, company secretary of Envoy Textiles. In its disclosure at the DSE, Envoy said the purpose of the agreement was to work jointly to transform the denim industry.

Another target was to become a global example in terms of innovation and sustainability, and to develop and explore new business models for the company to adopt to the challenges of the industry, it said.

As per the contract, Jeanologia will have a 28 per cent stake in the lab as the company would participate by providing equipment. Envoy will provide the rest of the investment. Chowdhury said other denim producers in Bangladesh would also get certification services from the lab.

Envoy's profit after tax rose over threefold year-on-year to Tk 35.56 crore in the nine months ending in March 2022. The textile producer posted a 47 per cent increase in sales to Tk 889 crore in the July-March period of the financial year ending in June 30, this year.



Clothes retailers in Khulna city have stocked up in anticipation of a surge in sales marking the upcoming Eid-ul-Fitr. The photo was taken on Jalil Sarani on Wednesday.

PHOTO: HABIBUR RAHMAN

Stocks end week on a sour note

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Dhaka stocks finished the week in less than ideal conditions as investors entered a selling spree ahead of Eid-ul-Fitr, which will be celebrated in a few days.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 21 points, or 0.32 per cent, from the previous day to close yesterday's trading session at 6,655. Overall, the benchmark index lost 6.7 points or 0.10 per cent from 6,662.3 at the beginning of the week, according to DSE data.

"The week began on a positive note but the market ultimately witnessed sideways movement as risk-averse retail investors kept their selling spree on sector-specific issues ahead of Eid," International Leasing Securities Ltd said in its weekly market analysis.

On the other hand, some institutional bargain hunters showed their buying interest in sector-wise issues as some stocks declared better earnings compared to the previous quarter during the week, it added.

Despite a decline in daily turnover at

the DSE, overall turnover increased in the past week.

Average turnover increased by 47.87 per cent compared to that of the previous week to stand at Tk 811.6 crore, according to International Leasing Securities.

However, daily turnover at the DSE yesterday fell to Tk 869 crore from Tk 932 crore, down 6.75 per cent from the previous day.

The blue-chip index DS30, the Shariah-based index DSES and the large-cap index CDSET also closed lower levels compared to the day before.

"All large-cap sectors posted negative performances," BRAC EPL Stock Brokerage said in its market update.

Beximco was the most traded stock with shares worth Tk 54 crore changing hands followed by JMI Hospital, GPH Ispat, Unique Hotel, and Naheer Aluminium.

Stocks of Beximco gained 0.68 per cent to reach Tk 148.90 yesterday after the company said its earnings per share grew 207 per cent year-on-year to Tk 13.18 in the July-March period of financial year 2021-22.

GPH Ispat advanced 5.19 per cent to Tk 56.80 at the same time as investors became upbeat following its third quarter earnings report.

The steel maker registered 36 per cent growth year-on-year in its earnings per share, which stood at Tk 3.58 in the nine-month period between July 2021 and March 2022.

Bangladesh Welding Electrodes topped the gainers list with a roughly 9.84 per cent rise. Summit Alliance Port, Shinepukur Ceramics, Pubali Bank, and Saiham Cotton, also saw major gains.

South Bangla Agriculture and Commerce Bank shed the most with a 5.9 per cent drop. Provati Insurance, Mir Akhter Hossain Ltd, Sea Pearl, and Deshbandhu Polymer were also among the heavy losers.

The Chittagong Stock Exchange (CSE) also dropped yesterday. The CASPI, the main index of the CSE, fell by 138 points, or 0.70 per cent, to close at 19,474.

Of the 285 stocks traded, 62 rose, 193 fell, and 30 did not see any price movement.

Beximco Pharma's profits drop

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Beximco Pharmaceuticals saw around 27 per cent lower profits despite registering higher sales in the third quarter of the current financial year thanks to a rise in marketing and selling costs, according to the company's financial report.

Its profits stood at Tk 106 crore in the January-March period of 2022 but it was Tk 146 crore in the same quarter of the previous financial year.

Although profits dropped, the company's sales rose as net revenue grew 21 per cent to Tk 895 crore, it said.

The profits were influenced by higher selling and marketing costs in the period. As such, its selling and marketing costs rose 31 per cent to Tk 194 crore in the third quarter.

In this period, Beximco Pharma's earnings per share stood at Tk 2.47 while it was Tk 3.28 previously. Although Beximco Pharma's profits fell in the third quarter, it rose for the overall nine-month period as profits grew significantly in the first two quarters.

In the July 2021 to March 2022 period, the company's profits rose 13 per cent to Tk 420 crore. In the same period, the drug maker's revenue rose 19 per cent to Tk 2,592 crore.

Beximco Pharmaceuticals showed income of Tk 61.92 crore as vaccine distribution fees in the nine-month period while its income was Tk 38.3 crore in the same period of the previous year.

Stocks of Beximco Pharmaceuticals fell 1 per cent to Tk 165 yesterday at the Dhaka Stock Exchange.

Banglalink sees rise in revenue

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Banglalink reported a sharp increase in its quarterly revenue driven by strong data sales as the mobile network operator continued its 4G investment.

The revenue of Bangladesh's third largest network provider was Tk 1,242 crore in the first quarter (January-March) while it was Tk 1,144 crore in the same period in 2021.

Demand for mobile data services remained strong in the quarter, when data usage rose 56.3 per cent year-on-year and mobile data revenue increased 22.1 per cent year-on-year.

The number of fourth generation (4G) data users grew by 39.7 per cent in the January-March period, pushing 4G user penetration to 34.9 per cent of Banglalink's total customer base of 38.09 million, the local carrier's parent company VEON said in its earnings release.

This strong result coincided with the operator securing a five-year syndicated term loan of Tk 1,200 crore this week as it looks to expand its capital expenditure, spectrum acquisition, and 4G network modernisation across the country.

Banglalink recently increased its total spectrum holding to 80 MHz, which will underpin its position as the fastest 4G network in Bangladesh, and its nationwide expansion drive.

The company also declared its plan to establish more than 3,000 base stations this year, taking its total number of base stations from 11,500 to 13,500.

Auto repair shops see customer

FROM PAGE B1

Jahid Karim Chowdhury, owner of Multibrand Workshops, says they find little time to take rest.

"Actually, our business has picked up even before the month of Ramadan and has intensified recently as the Eid festival is fast approaching," he said.

People hope to enjoy Eid with their beloved ones and so, people, especially those who have cars, have their vehicles repaired so that their happy journey doesn't fall into despair for transport issues, Chowdhury added.

Md Shah Alam, a driver who lives in Manikdi, said he came to Multibrand Workshop to wash and polish his car.

"I have come to wash and examine the car so that there is no trouble during our journey to villages," Driver Borhan Uddin entered the servicing centre to repair his car's brakes.

"I have to drive to faraway destinations with passengers almost every day before Eid. So, brakes are important as an accident could spoil the happiness of Eid," Mohammad Sumon, who works at Decent Automobile Workshop, said many people are coming to repair their vehicles.

"The number of people coming to the servicing centre at other times of the year usually remains low. Their number goes up prior to Eid."

Masud Rana, owner of Raja Brothers Automobile Solutions on the Kuril Highway, said they are not even getting enough time to have their meals owing to the increased work pressure.

"We could have done work on four or more cars per day during the rest of the year. But the load increases several folds prior to the Eid festival. Now we have to work on at least 25 cars daily."

There are about 1,500 workshops in Dhaka, according to a source.

Cap on number

FROM PAGE B1

Transactions through internet banking amounted to Tk 17,763 crore in February, up 109 per cent year-on-year, showed the BB data.

Clients started to heavily rely on internet banking transactions after the coronavirus pandemic hit the country.

A good number of banks have already introduced app-based financial services, allowing customers to settle financial transactions hassle free through internet banking.

Some of the facilities include the transfer of funds from one account to another, payment of tuition fees and utility bills and adjustment of loans taken against credit cards.

AC top-selling home appliance

FROM PAGE B1

Retailers say the sales of ACs will reach 5-6 lakh units in 2022 and the market size will expand to Tk 4,000 crore.

The market has expanded by 23 per cent compared to a year ago, Lutfor said.

AC sales start picking up in February and peak around April and May. This year is no different.

"Additionally, Eid-ul-Fitr has pushed up sales. We hope to continue this trend till October," Lutfor said.

Samsung has slashed AC prices by 15 per cent to 17 per cent from a year ago, which helped it post 212 per cent sales growth from last year to date.

"We see scorching heat this summer. Customers are all invited to our stores if they would like to cool down this summer," he said.

Due to the increase in the price of raw materials owing to higher shipping costs and supply chain disruptions, the price of ACs has gone up in Bangladesh by as much as 5 per cent.

"Due to the price advantage, there is a distinct enthusiasm for Walton ACs among the middle class. Apart from this, the upper class is also showing interest in buying Walton ACs thanks to some unique features," said Tanvir Rahman.

Overall, home appliance makers and retailers are registering better sales this year compared to the pre-pandemic level thanks to receding coronavirus

caseloads. Sales had hit rock bottom in the last two years because of the pandemic-induced income losses and economic slowdown.

Usually, home appliance makers and retailers post higher sales in the days leading to Eid-ul-Fitr, the biggest spending season.

Rapid urbanisation, an increase in per capita income, and the expanding middle class have propelled the growth of the home appliance market in Bangladesh.

The major players in the home appliance market are Walton Group, Transcom Electronics, Rangs Electronics, Rangs Toshiba, Singer Bangladesh, Best Electronics, Pran RFL (Vision), Esquire Electronics, and Electra International.

Foreign companies such as Samsung, LG, General, Sharp, and Whirlpool are also popular.

The market size for home appliances is about Tk 10,000 crore and the segment is growing at a pace of 20-25 per cent annually.

Besides ACs, refrigerators and ovens have also been among the top-selling items. The need to heat up foods during suhoor of the fasting month of Ramadan has driven up the sales of ovens.

"The sales of ovens have doubled compared to two years ago," Karim added.

Sales of refrigerators have increased by 5-6 per cent compared to the 2019 level. The demand for

the items priced from Tk 70,000 to Tk 80,000 is on the rise, he said.

Singer Bangladesh's refrigerator sales are up 10-15 per cent, said the official of the company.

Walton's refrigerator is the top-selling product this Eid. The company is also posting remarkable sales of ACs, TVs and other home appliances, said Mohammad Firoj Alam, its chief marketing officer.

"The sales of Walton products have surpassed the pre-pandemic levels."

Fair Group's Mesbah says refrigerators are also selling well. Compared to 2019, the sales have increased by 5-7 per cent.

In order to drive up sales on the occasion of Eid, retailers have come up with equated monthly installment facilities, exchange offers, discounts, and cash-back facilities.

Retailers say the prices of home appliances at the retail level have gone up since the manufacturing cost has increased for the rise in the prices of raw materials and higher shipping charges caused by pent-up demand and supply chain disruptions.

For example, consumers have to 10 per cent more to buy home appliances such as ACs.

The shipping cost has surged by four to five times, while the US dollar conversion rate has gone up, Azad added.

"We are working on how to expand local production so that we can offer home appliances at reduced prices."

'Unlimited' data packages

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In the "unlimited" monthly data category, only GP offered two packages. But both come with daily data usage limitations.

One costs Tk 399 and allows a daily usage of up to 1GB and the other Tk 649 with a daily usage of up to 2GB.

The other three operators said they would offer such packages within next month.

Telecom Minister Mustafa Jabbar inaugurated the new packages at an event at the BTRC.

The BTRC has taken the initiative on the minister's directive to give customers some sort of relief as one of the major inconveniences for many customers is that they can not consume all the data for which they have paid for due to time limits.

"If the restrictions on the use of the internet are removed, the customers get the freedom of the use. People's freedom to use the internet should be given utmost importance," said Jabbar.

"Not just service expansion, the quality of service of the operators should be improved. People are not satisfied with their current service," he said.

BTRC Chairman Shyam Sunder Sikder said the commission has never been in favour of operators and would never be.

"Ensuring people's rights is the highest priority of the BTRC. The BTRC is not satisfied with mobile phone operators, rather annoyed," he said.

"From now on, if the quality of service is not up to the mark, the operators

will be fined," he said.

However, the prices of these packages are higher than that in neighboring India.

For example, a customer of JIO, the top mobile network operator in India, can avail 2 GB of internet data every day for a month paying Rs 299. On top of that, they also get free voice calls and SMS.

But such comparisons do not wholly do justice, especially due to the fact that the telecom industry faces a substantially high rate of taxation in Bangladesh.

For every Tk 100 mobile top-up, the government claims Tk 54 in different taxes.

In contrast, India charges around Tk 32 in different forms of taxes, said Mohammed Shahedul Alam, Robi's chief corporate and regulatory officer, citing the data of GSMA.

"Besides, there is no tax on SIM sales in India, whereas it is Tk 200 in Bangladesh."

And India's operators can develop their optical fibre network and run other infrastructural development, which is restricted for the operators in Bangladesh," he said.

He also said operators in India can sell phones locked to their services, which helps them generate more revenue.

"These restrictions and high taxation are the main obstacles to delivering quality service and low-priced packages," he added.

Customers are not satisfied with the prices of the packages.

Jahidul Islam, a mobile phone user, said charging

around Tk 1,100 for 15GB with a year's validity was exorbitant.

"Besides, there is no logic to offer 5GB for a year in a package," he added.

A mobile internet subscriber on an average used 4.3GB per month in the last quarter of 2021, according to the BTRC.

Abu Saeed Khan, a senior policy fellow at LIRNEasia, said Grameenphone can not offer low prices due to restrictions imposed on it by the BTRC for being an operator with significant market power (SMP).

"It is high time to remove the restrictions...to foster increased competition. It is pointless to maintain SMP status on Grameenphone anymore as it is not serving the interest of consumers," he said.

Md Nasim Parvez, director general of the Systems and Services Division at the BTRC, said the telecom operators would not be able to provide internet prices in line with the broadband internet service providers due to some technical reasons which increase product development costs.

In contrast to broadband internet service providers, mobile operators additionally have to use spectrum, develop or rent towers and cannot share bandwidth. "So we all have to understand this matter," he said.

He said the operators would offer more packages in the coming months and if customers were not satisfied with the pricing, they can avail regular internet packages.

Subrata Roy Maitra, vice chairman of the BTRC, also spoke.