

Z-category listing criteria revised

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) issued an order yesterday revising the criteria for companies to be considered and listed as junk.

A listed company will be shifted to the Z-category if it fails to declare any dividend for two consecutive years, said the order.

If the issuer fails to hold its annual general meeting (AGM) within a stipulated timeframe as per relevant laws, it will be sent to the lowest category, it said.

According to the law, if an AGM cannot be held for any writ petition or legal process pending before a court, a maximum of two years may be allowed before placement or adjustment of securities under Z-category.

A company will be treated as junk if it is not in operation or exploration for a minimum of six months at a stretch, excluding periods such as for renovations or in the event of unforeseeable circumstances.

If net operating loss or negative cash flow from

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Aamra networks to raise Tk 92cr thru rights shares

STAR BUSINESS REPORT

Aamra Networks is going to raise Tk 92 crore by issuing rights shares to upgrade the network and repay loans.

The Bangladesh Securities and Exchange Commission (BSEC) approved the move recently in a commission meeting at its office in the capital's Agargaon.

The company will issue three crore shares at a price of Tk 30 each. The face value is Tk 10.

Existing shareholders of the company will get one share against their holding of two shares, the BSEC said in a press release.

A rights issue is an invitation to existing shareholders to purchase additional new shares in the company, giving them securities called rights. With the rights, shareholders can purchase new shares at a discount to the market price on a stated future date.

Rapid urbanisation no impediment to lungi market expansion



KEY POINTS

- Lungi production and export rising
- More than 7 crore out of 9 crore males in Bangladesh regularly buy and wear lungi
- More than 60,000 weavers are directly involved in lungi business



MARKET SIZE

The domestic lungi market is nearly Tk 15,000cr

Five years ago, the market size was about Tk 10,000cr

EXPORT

- Bangladesh exports lungi worth more than \$1m a year
- Lungi is exported to at least 25 countries
- India is the biggest market for Bangladesh's lungi
- Lungi worth more than Tk1,200cr is shipped informally through baggage per year

Major lungi production areas

Narsingdi, Nawabganj, Sirajganj, Ruhitpur, Pabna, Gausia, Baburhat and Narayanganj

REFAYET ULLAH MIRDHA

Exports of locally made lungis, a widely used everyday garb for southeast Asian men, have been rising rapidly because of the increasing Bangladeshi diaspora worldwide while the local market has also been on an upward curve due to Bangladesh's growing population, industry insiders said.

The domestic lungi market is worth nearly Tk 15,000 crore per annum while local manufacturers export lungis worth more than \$1 million a year.

But even five years ago, the domestic market for lungis was worth Tk 10,000 crore a year while exports only amounted to a few lakh US dollars, they added.

In recent years, India has turned into a major export destination for Bangladeshi lungis due to higher demand for cotton yarn lungis and because of the shared culture of wearing lungis.

Moreover, lungis worth more than Tk 1,200 crore are shipped informally, mainly to Malaysia and Indonesia, exporters said.

Despite rapid urbanisation, which impacts culture and the preferred type of attire, the domestic lungi market is growing by more than 10 percent per year.

Illustrating the impact of urbanisation is the fact that most city dwellers prefer to wear trousers to lungis and, coupled with the fact that trousers last longer than lungis, this affects the lungi market.

As a result, the demand for lungis in urban areas is lower than in rural areas. But this can also be attributed to the fact that lungis are still the main attire for people in rural areas.

Internationally, lungis are shipped to at least 25 countries, with major consumers

being expatriate Bangladeshis in nations like Saudi Arabia, Qatar, Oman, Singapore, Dubai, Malaysia, Bahrain, England, Germany, the US, India, Myanmar and Indonesia.

However, Dilip Kumar Saha, managing director of Alauddin Textile Mills (ATM) Private Ltd, said many small and medium enterprises had stopped production of lungis because of rising prices of yarn.

The demand for lungis made from yarn is higher both locally and among expatriate Bangladeshis, Saha added.

Despite rapid urbanisation, which impacts culture and the preferred type of attire, the domestic lungi market is growing by more than 10 percent per year

Nearly two crore Bangladeshis live abroad and almost all of them have at least one lungi. Many request to send them lungis through relatives or via e-commerce companies, Saha also said.

Emdadul Kabir Siddique, chief executive officer of Amanat Shah Group, a major lungi manufacturer and exporter, echoed Saha's views.

Siddique said the lungi market is expanding gradually, maintaining a 10 percent year-on-year growth.

And given the growth of the lungi market, the number of spinning mills that are producing yarn for lungi production is also growing, he said.

He added that four major spinning mills were currently producing yarn for the manufacture of lungis.

Bangladesh Lungi Manufacturers, Traders and Exporters Association (BLMTEA) has nearly 250 members while producers across the country number more than 10,000, said Siddique, also secretary of the BLMTEA.

Major lungi-making hubs in the nation are Narsingdi, Nawabganj, Sirajganj, Ruhitpur, Pabna, Gausia, Baburhat and Narayanganj.

However, the method of production has shifted from handlooms to powerlooms because the cost of production using the latter is lower, he added.

Md Khorshed Alam, chairman of the standing committee of the development of local spinning and weaving mills department of Bangladesh Textile Manufacturers Association, said lungis are a diversified export item.

The shipment of lungi is growing every year and a few local companies are performing well in terms of export because of high demand, he said.

Alam also said more than seven crore, out of nine crore, males in Bangladesh regularly buy and wear lungis.

However, the fact that urbanites wear both trousers and lungis has impacted sales a bit, although those in rural areas continue to wear lungis as their main attire, he added.

More than 60,000 weavers are directly involved in lungi production but the number is far greater when those indirectly involved are counted.

The shortage of gas supply to the industrial units and rising cost of gas have also increased the cost of production in the primary textile sector in the country, Alam said.

Air Arabia encouraged by business growth in Bangladesh: Group CEO

RASHIDUL HASAN

Bangladesh is a suitable place for the aviation business as evidenced by Air Arabia's business growing by three to four percent year-on-year, Adel Abdullah Ali, group CEO of Air Arabia said yesterday.

He said this at a press meet at a city hotel, which also marked the first time that a group CEO of Air Arabia visited Bangladesh in its 17 years of operation.

Among others, Rajesh Nurala, regional general manager of Air Arabia, and Abdur Rahim, chief executive officer of MGH, the GSA of Air Arabia, were present at the press meet.

Air Arabia, the first and the largest low-cost carrier in the Middle East and North Africa, is headquartered in Sharjah, UAE. The airline started operations in 2003 by introducing its low-cost business model to the Middle East and North Africa.

Air Arabia began operations in Bangladesh in 2007.

"We have been doing business successfully in Bangladesh for the past 17 years. Operating between Bangladesh and UAE is one of the key routes of Air Arabia," Abdullah said.

He added that they had seen growth in their operations in Bangladesh, which was very encouraging.

Speaking to The Daily Star, Abdullah said they would think about increasing flights to and from Bangladesh depending on the situation.

"In Bangladesh, the aviation market is good and the growth is good. All indicators of doing business are positive in the country," he told this correspondent.

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Germany overtakes Japan as third-biggest economy

AFP, Tokyo

Once forecast to become the world's biggest economy, Japan slipped below Germany last year to fourth place, official data showed Thursday, although India is projected to leapfrog both later this decade.

Despite growing 1.9 percent, Japan's nominal 2023 gross domestic product in dollar terms was \$4.2 trillion, government data showed, compared with \$4.5 trillion for Germany, according to figures released there last month.

The change in positions primarily reflects the sharp fall in the yen against the dollar, rather than the German economy -- which contracted 0.3 percent in 2023 -- outperforming Japan, economists said.

The Japanese currency slumped by almost a fifth in 2022 and 2023 against the US currency, including around seven percent last year.

This was in part because in an effort to boost prices the Bank of Japan has maintained negative interest rates, unlike other major central banks which have raised borrowing costs to fight soaring inflation.

"The overtaking... in size in dollar terms owes a lot to the recent collapse

in the yen. Japan's real GDP has actually outperformed Germany's since 2019," said Fitch Ratings economist Brian Coulton. Germany's heavily export dependant manufacturers have been hit particularly hard by soaring energy prices in the wake of Russia's invasion of Ukraine.

Europe's biggest economy has also been hampered by the European

Central Bank raising interest rates in the eurozone as well as uncertainty over its budget and chronic shortages of skilled labour.

Japan is also heavily reliant on exports, in particular cars, although the weak yen -- making exports cheaper -- has helped big firms like Toyota offset weakness in key markets such as China.



Mercedes-Benz EQS and S-Class passenger cars are transported automatically to their next production step at a digitised assembly line, in Sindelfingen, southwestern Germany.

PHOTO: AFP/FILE

Walmart to source more from Bangladesh

STAR BUSINESS REPORT

Walmart yesterday expressed its interest to work more closely with Bangladesh and procure more items as the US retail giant believes the country is a lucrative destination for sourcing, said Andrea Albright, executive vice-president for sourcing of the company.

Albright made the comment at a meeting with Salman F Rahman, the prime minister's adviser on private industries and investment, at the latter's office in Dhaka.

The executive vice-president added that Walmart has been sourcing garment items from Bangladesh for many years although the volume reduced a bit during the Covid-19 pandemic.

However, the quantity of garment items sourced from Bangladesh will increase soon, she said, hoping that some other products would be added to the existing basket of goods.

Paul Dyck, vice-president of Walmart on global government affairs and business diplomacy, and other senior officials of the company were also present at the meeting, according to a statement from the adviser's office.

During the meeting, Rahman urged Walmart's top officials to source more from Bangladesh and include electronic products, agri products, packaged spices, jute goods, and also garment items made from man-made fibre.

Currently, Walmart is Bangladesh's second-largest international garment buyer after Swedish retail giant H&M. Walmart sources nearly \$4 billion worth of garment items from Bangladesh annually while H&M sources more than \$4 billion annually.

Rahman also said garment factories in the nation have been maintaining global standards of compliance and that workplace safety has been strengthened.

"Many of Bangladesh's garment factories have passed the world's highest standards of testing," he said.

The adviser briefed them as Bangladesh's economy has been rebounding from the severe fallout of the Covid-19 pandemic and the Russia-Ukraine war.

DSE turnover tumbles again as investors wait on the sidelines

STAR BUSINESS DESK

Daily stock turnover, which measures the total volume of shares traded, fell for the fourth day in a row yesterday as investors have adopted a wait and see approach to gauge market trends.

Major indices of the stock market in Bangladesh also fell as the DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), declined by 0.55 percent to close at 6,336 points.

Similarly, the DS30, an index comprising blue-chip stocks, dropped by 0.70 percent to hit 2,159 points while the DSES, which represents shariah-compliant companies, dipped by 0.63 percent to 1,398 points.

Meanwhile, the DSE's daily turnover nosedived to Tk 1,074 crore, down by some 8.4 percent from the previous session. Of the issues traded at the country's premier bourse, 92 advanced, 250 declined and 54 closed unchanged.

Shares of Familytex (BD) placed first on the list of top gainers with a rise of 10 percent.

It was followed by Sikder Insurance Company with 9.80 percent, Mithun Knitting and Dyeing with 9.73 percent, Stylecraft Ltd with 9.64 percent and Monno Fabrics with 9.63 percent.

Fu-Wang Ceramic Industries, Meghna Pet Industries and Bangladesh Lamps were also among the top gainers, with their shares rising by 8.78 percent, 5.09 percent and 4.91 percent respectively.

UK economy slides into recession

AFP, London

Britain is in recession, official data showed Thursday, dealing another blow to embattled Prime Minister Rishi Sunak, whose Conservative party is forecast to lose a general election expected this year.

Gross domestic product shrank 0.3 percent in the fourth quarter of 2023 after contracting 0.1 percent in the prior three months, the Office for National Statistics (ONS) said in a statement.

That places the economy in recession, which is defined as two quarters of falling GDP in a row.

While economists predicted that the recession could be short-lived, the data is a big setback for Sunak, who has placed economic growth as a key priority.

It comes as the Conservatives badly trail the main opposition Labour party in polls.

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