

# Star BUSINESS



## Should BSEC allow share buybacks by companies?

AHSAN HABIB

It is a positive sign for investors that directors of several well-known listed firms are purchasing their own shares, believing them to be undervalued amid a lack of buyers.

For instance, directors of Square Pharmaceuticals, ACI Ltd, BSRM Ltd and Apex Footwear have announced plans in recent months to buy shares worth crores of taka from general shareholders.

When directors purchase shares, it usually encourages general investors to follow suit, leading to a rise in stock prices.



However, despite these announcements, investor interest has remained muted, resulting in little to no price movement.

Several directors of these companies said their only option is to buy shares with their own money if they believe they are undervalued.

Under current regulations of the Bangladesh Securities and Exchange Commission (BSEC), companies cannot execute buybacks even if they have sufficient funds.

As a result, firms with substantial liquid assets – often invested in fixed deposits or other shares – cannot repurchase their own stocks despite seeing them as attractive investments.

A buyback is when a company repurchases its outstanding shares, reducing the number available in the open market. In developed markets, listed firms often buy back shares when they consider them undervalued, viewing it as a benefit for shareholders.

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## Falling SME sales shake economic backbone

JAGARAN CHAKMA

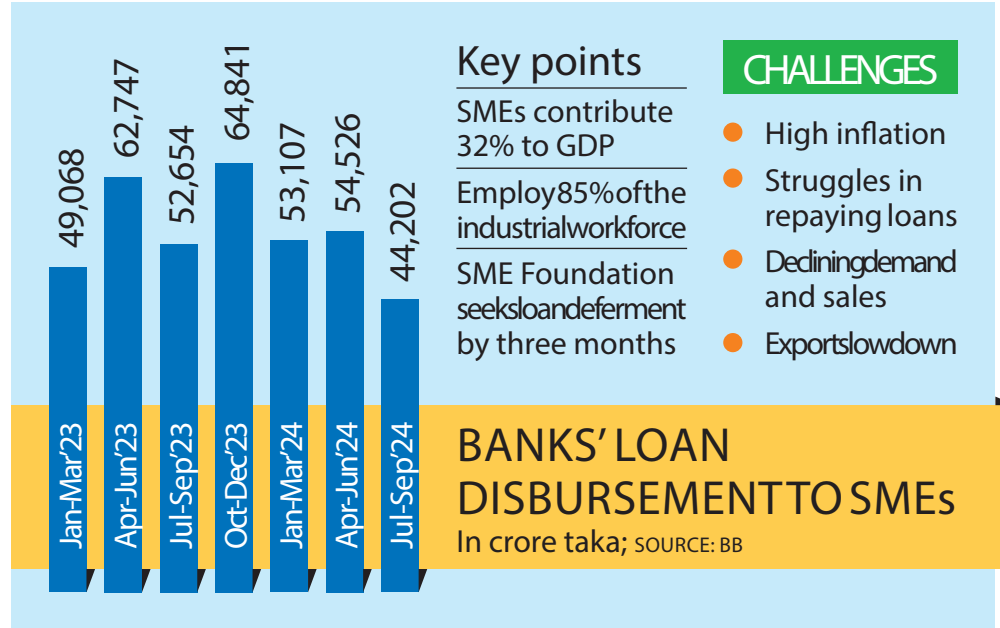
When the Bangladesh Bank raises interest rates on bank borrowing in its battle against stubbornly high inflation, the ripple effects reach small and medium businesses run by Faridpur's Paritosh Kumar Malo or Chuadanga's Md Oli Ullah.

Already squeezed by slumping sales in response to an upward inflationary curve over the past three years, Malo and Ullah promptly shelved their business expansion plans that depend on bank loans.

If that is not enough to survive, they now go for cutting their workforce just to keep their businesses afloat.

But even desperation has its limits. If the macroeconomic stress does not ease soon, these small ventures, which contribute 32 percent of the country's GDP and employ 85 percent of the industrial workforce, face closure.

According to the Small and Medium Enterprise (SME) Foundation, there are



### Key points

- SMEs contribute 32% to GDP
- Employ 85% of the industrial workforce
- SME Foundation seeks loan deferment by three months

### CHALLENGES

- High inflation
- Struggles in repaying loans
- Declining demand and sales
- Exports slowdown



around 79 lakh SMEs in the country. These ventures are considered as the economic backbone of the country. But most of the businesses are struggling due to inflation and macroeconomic headwinds.

Amid the economic turmoil, the political changeover through a mass uprising last year has led to slower spending on development projects, adding another layer to the SME crisis.

Take the case of Paritosh Kumar Malo,

who runs RK Metal in Faridpur. His workshop, which once employed 25 workers, produces farming machinery.

Malo said government projects were his steady clients, but as work has been halted in the past six months, he has not received any new orders.

To make matters worse, he supplied equipment worth Tk 20 lakh to a USAID funded project. The payment is now uncertain after the new US administration announced cuts in foreign aid.

Just six to eight months ago, Malo said, his factory generated Tk 30 lakh in revenue, but that has now fallen to Tk 3 lakh.

Of that, he must repay around Tk 80,000 per month in bank loans.

Demand for small agricultural machines, once the backbone of his sales, has dropped by nearly 70 percent.

Dealers hesitate to place orders, while farmers struggle to afford new equipment. "If they don't have money, how will they buy it?"

he asked.

Unable to sustain his full workforce, Malo had to lay off 15 employees. "Letting them go was painful. They have families to feed."

### DEPLETING CAPITAL, LOOMING LAYOFFS

Md Oli Ullah, owner of Janata Engineering in Chuadanga, manufactures agricultural machinery such as corn threshers and mustard oil extraction machines.

Like Malo, he said demand has plummeted as farmers and small entrepreneurs are delaying purchases.

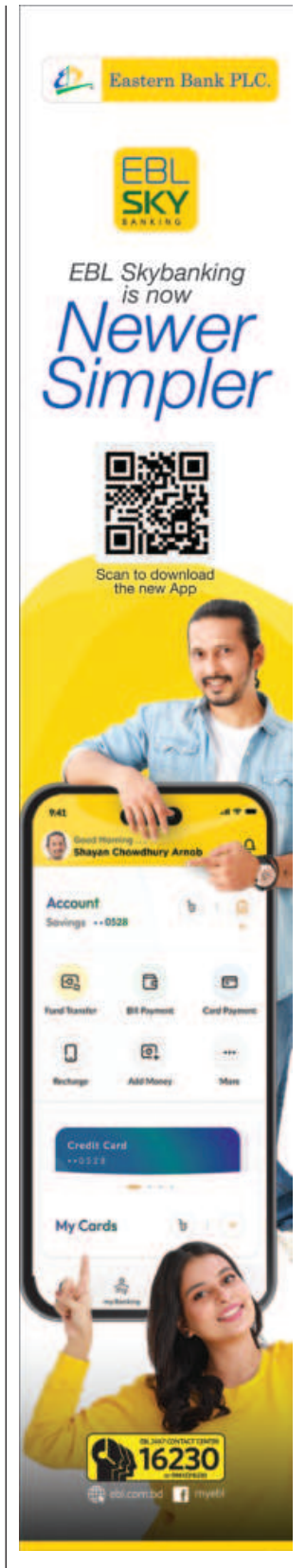
He employs more than 100 workers but fears layoffs.

"I took a Tk 5 crore loan from Agrani Bank in 2020, when the interest rate was 9 percent. Now it has risen to 17 percent, significantly increasing my quarterly repayments."

Ullah said his capital is depleting, and after Eid, he may have to lay-off some workers just to keep the business running.

Despite efforts to sustain operations, he fears that businesses like his will be forced to shut down if conditions do not improve.

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### WHY CONTAINER HANDLING DECLINED

Slower industrial activities and lower imports  
Reduced demand for raw materials and consumer goods

### OUTLOOK

Ongoing modernisation projects involving Tk 4,046cr aim to boost container handling capacity



## CONTAINER HANDLING

(JUL-JAN OF FY25)

Mongla Ports saw a 36.78% drop in container handling	Total containers handled fell to 12,083 TEUs from 19,112 TEUs	Revenue decreased slightly to Tk 181.61cr	Operational costs rose to Tk 152.06cr	Revenue surplus fell to Tk 29.55cr
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## Economic slowdown lowers container handling at MONGLA PORT

JAGARAN CHAKMA

Mongla port, the second largest seaport in Bangladesh, witnessed a sharp decline in container handling throughout the first seven months of the current fiscal year (FY), with growing economic constraints eroding business activities in the country.

Official data shows that the seaport handled around 12,083 twenty-foot equivalent units (TEUs) of containers in the July-January period of FY25, down 36.78 percent year-on-year.

The decline was worst in January, when container handling receded by 42.02 percent year-on-year to 1,697 TEUs, reflecting lower imports amid a sluggish domestic economy.

Khayrul Bashar, CEO of local cargo

service provider Fleet Freight, said the decline in container handling is a result of the country's slowing industrial output.

He said local businesses are being cautious about foreign purchases amid the ongoing currency volatility and rising inflation, resulting in lower shipments of industrial raw materials and other key imports.

"Many businesses are cutting back on imports due to rising costs and tighter financial conditions," Bashar added while citing reduced shipments of bulk cargo and consumer goods through Mongla port.

He further said that this reflects the country's broader economic slowdown as lower imports of industrial inputs and intermediate goods is affecting the

import-reliant industries.

Bashar also informed that just 250 of roughly 700 clearing and forwarding agents enlisted by the port are currently active.

"Higher import costs and lower industrial demand contributed to this decline," he said while highlighting challenges faced by the port in attracting major shipping lines and handling higher trade volumes.

AKM Anisur Rahman, member (engineering and development) of Mongla Port Authority, said container handling has fallen compared to previous levels because of economic challenges both home and abroad, including disruptions to the global supply chain.

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## Prices of garments shipped to US, EU see a decline

REFAYET ULLAH MIRDHA

In recent months, Bangladesh's garment shipments to major markets such as the European Union (EU) and the US have rebounded strongly, but the price per unit has declined.

International clothing retailers and brands consistently pressure local suppliers to lower prices, even while paying higher rates for sourcing garments from other countries.

For instance, in January this year, the unit price of garments shipped from Bangladesh to the US decreased by 2.20 percent, according to data from the Office of Textiles and Apparel (OTEXA) of the US. However, the value of exports grew by 45.93 percent year-on-year in January, reaching \$799.65 million.

In January, the volume of exports to the US increased by 49.21 percent from Bangladesh, 17.05 percent from Vietnam, 9.36 percent from China, and 18.49 percent globally.

Similarly, the unit price of locally made garments shipped to the EU decreased by 4.84 percent in the January-December period last year, according to the latest data from Eurostat, the statistical office of the

bloc.

Bangladesh's garment exports to the EU grew by 4.86 percent to \$19.77 billion last year. By volume, exports increased by 10.18 percent in the same period, while China recorded a rise of 12.05 percent. The EU's total apparel imports grew by 8.98 percent.

The unit price of the EU's global apparel imports fell by 6.83 percent, significantly influenced by China's 8.43 percent price reduction. Price cuts by Vietnam and Cambodia were also notable.

A free trade agreement (FTA) between the EU and Vietnam, in effect since 2021, has granted Vietnam the preferential benefit of a gradual removal of tariffs, exporters said.

Historically, Bangladeshi garment exporters have received lower prices than those in competing countries.

"The overall price of garment items traded globally declined last year and continues to do so this year," said Faruque Hassan, managing director of Giant Group and a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

This decline is due to a drop in the prices of raw materials such as cotton, yarn, fabrics, and freight charges, he added.

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If Bangladesh can ensure better quality and timely delivery, buyers will be willing to pay more, said Faruque Hassan, a former president of the BGMEA.

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