

Set aside 10pc budget for software, ITES
BASIS urges ministries

STAR BUSINESS REPORT

The Bangladesh Association of Software and Information Services (BASIS) has urged all the ministries and their affiliated agencies to allocate 10 per cent of their annual budget for buying software and IT-enabled services (ITES).

The newly elected executive council of BASIS led by its president, Russell T Ahmed, made the call at a meeting with Planning Minister MA Mannan at the latter's office in Dhaka's Agargaon yesterday.

At the meeting, Ahmed said all the ministries and their affiliated agencies have adequate budgets for their internal development.

"So, at least 10 per cent of their budget should be allocated for buying software and ITES," he added.

Ahmed also said that BASIS is contributing greatly to the economy.

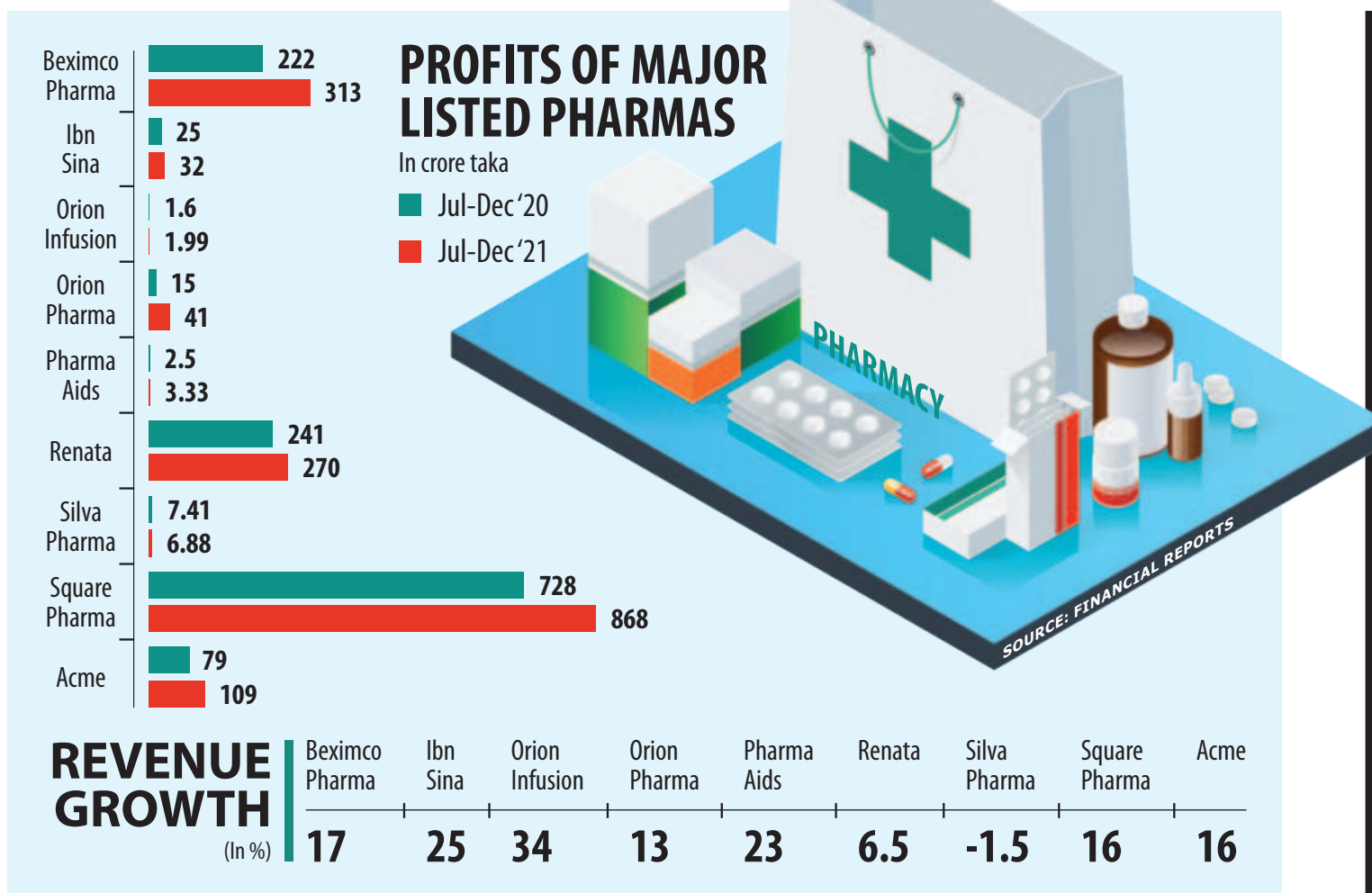
"We are implementing fintech, edutech, healthtech, e-commerce and almost all e-governance projects of the government. Moreover, our activities in the international sphere are contributing to achieving the government's target to earn \$5 billion in ICT exports."

IMF, WB put off annual meeting

AFP, Washington

The IMF and World Bank once again postponed the annual meetings set to take place in Morocco, pushing them back another year to October 2023, the institutions announced Monday.

Citing "continuing uncertainty over the Covid-19 pandemic," and after consultations with the government, the statement said this year's meetings will be held in Washington.



Most listed drug makers declare higher profits

Sales increase for growing health consciousness

AHSAN HABIB

Almost all listed pharmaceutical companies in Bangladesh registered higher profits in the first half of the ongoing financial year (FY) thanks to increased health consciousness amid the coronavirus pandemic.

Among the 10 major drug makers that recently disclosed their latest financial reports, nine companies logged higher profits while only Silva Pharmaceuticals declared lower earnings for the period between July and December last year.

"The growth in sales and profit of listed pharmaceutical companies is encouraging," said Shahidul Islam, chief executive officer of VIPB Asset Management, which prefers to invest in pharmaceutical stocks from its portfolio of mutual funds.

"While many other sectors suffer, the pharma sector is witnessing good growth," he said, adding that companies which depend on the stability of the global supply chain or oil prices were badly impacted.

The 10 listed drug makers witnessed sales growth of 16 per cent on an average in the past six months, according to their

earnings reports. "Our expectations of the drug makers are very high because peoples' affordability has been rising, so they are becoming more conscious about healthcare," Islam said. Besides, people are visiting doctors more often now following a slowdown during the early pandemic period, he added.

Among the top profit booking companies, Square Pharmaceuticals logged Tk 868 crore in the July-December period of FY 2021-22, up 19 per cent compared to the same period of the previous year.

Meanwhile, Beximco Pharmaceuticals saw its profits jump 41 per cent to Tk 313 crore. In terms of consolidated sales, the company achieved over 17 per cent growth year-on-year.

Moreover, Beximco's profits rose due to its added income from vaccine distribution fees, which were non-existent in the previous year.

Beximco earned Tk 61 crore from vaccine distribution fees in the period, according to the company's financial report.

Another top profit booking company, Renata Ltd, saw its turnover rise 6.5 per

cent to Tk 1,512 crore in the July-December period this financial year.

Its profits shot up 12 per cent to Tk 270 crore, according to data on its financial statements.

The pharma industry grew at an average pace in the last six months as the sector normally observes a slow season from September to December, said Md Jubayer Alam, company secretary of Renata.

Now, the industry's has an average annual growth rate of about 10 per cent to 11 per cent, Alam said.

"Some of the companies saw higher growth than the overall industry either for cost rationalisation, changes to their business policy, or Covid-related medicine sales," he added.

Ibn Sina booked a 28 per cent growth in profits, registering Tk 32 crore in the last six months, when its sales rose 25 per cent to Tk 452 crore.

Profits of Orion Pharmaceuticals soared by 173 per cent to Tk 41 crore as the company's sales rose 13 per cent to Tk 146 crore, as per its financial report.

The Acme Laboratories saw its profits grow 37 per cent to Tk 109 crore while its revenue soared 16 per cent to Tk 1,161 crore, the data shows.

Summit Alliance Port sees profit rise in first half

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Summit Alliance Port said its earnings rose in the first half of the current financial year of 2021-22 as it handled an increased volume of containers for international trade during the period.

The net profit of the leading off-dock increased 7 per cent year-on-year to Tk 10.35 crore in the July-December period of 2021 from Tk 9.69 crore a year ago.

"We did not have good business in the first quarter of the financial year because of the pandemic. But our regular business returned in the October-December period," said Company Secretary Md Abdullah Osman Shajid.

The company's shares edged up 3.01 per cent to Tk 27.40 yesterday at Dhaka Stock Exchange.

The company, a concern of Summit Group, posted a 160 per cent surge in its net profit to Tk 5.22 crore in the October-December period from Tk 2.01 crore in the same period a year ago, according to its unaudited half yearly statement.

The company registered a 10 per cent growth in its revenue in the second quarter.

Despite the gain, its overall revenue increased only 2 per cent in the first six months of the current financial year ending in June.

The company's revenue was Tk 85 crore in the July-December period of 2021-22 from Tk 83.63 crore the previous year.

Shajid said business from Inland Water Container Terminal (IWCT), the first-ever terminal in private sector at Muktarpur, Munshiganj, peaked after the National Board of Revenue allowed it to handle to bulk and break-bulk cargo in addition to containers.

The company handled 13.95 crore twenty-foot equivalent units of containers in the year of 2020-21 from 11.71 crore TEUs of containers the previous year, according to its latest annual report.

Ifad Autos' profit plunges

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Ifad Autos said its profit slumped 41 per cent year-on-year to Tk 24.6 crore in the July-December period of the current fiscal year owing to its increased operational cost.

The auto marketer recorded Tk 41.9 crore in earnings in the six months of the financial year 2020-21.

The earnings per share of Ifad dipped to Tk 0.97 in the July-December period of the current financial year from Tk 1.66 during the corresponding period of 2020.

The company's sales grew marginally to Tk 413 crore in the six months to December 2021 from Tk 412 crore in the previous year.

Md Sazzad Hossain Talukder, company secretary of Ifad Autos, said revenue did not increase significantly owing to the pandemic. A rise in its operational cost also affected the earnings of the company, he said.

Mexico's economy enters technical recession

REUTERS, Mexico City

Mexico's economy contracted for a second straight quarter in the last three-month period of 2021, according to official data published on Monday, putting it in a technical recession and joining regional powerhouse Brazil, whose economy fell back into negative territory last year.

Gross domestic product (GDP) in Latin America's second largest economy shrank in the fourth quarter by 0.1 per cent from the previous three-month period in seasonally adjusted terms, preliminary data published by Mexico's INEGI national statistics agency showed.

That beat out expectations in a Reuters poll for GDP to contract in the fourth quarter by 0.3 per cent, after the economy declined by 0.4 per cent in the third quarter.

Mexico's Deputy Finance Minister Gabriel Yorrio said Friday that talk of a "technical recession," defined as two consecutive quarters of contraction, does not take into account coronavirus-related economic volatility and global supply chain issues.

Yorrio said that global supply bottlenecks, increased prices for raw materials, and higher costs for ground transportation and sea shipping are weighing on the economy.

"With its weak Q4 outturn, Mexico has joined Brazil in technical recession, an extremely disappointing result that leaves real GDP in Mexico a whopping 4 per cent below its mid-2019 pre-Covid peak," said Fiona Mackie, regional director for Latin America and the Caribbean at Economist Intelligence Unit.

Square Textiles'

FROM PAGE B1 The company posted 46 per cent year-on-year revenue growth to Tk 795 crore in the first half of the financial year. The cost of sales rose 33 per cent.

Many local spinning mills have either expanded their production capacity or made new investments as international orders for garment items produced in Bangladesh surged in keeping with the recovery of the global supply chain from the severe fallouts of Covid-19.

With the rise in demand from garment manufacturers and exporters, the price of yarn and fabrics rose 60 per cent in September.

Two state jute

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Md Nasimul Islam, general manager of the BJMC, said Jute Alliance Ltd, a concern of Bay Group, paid Tk 9.60 crore in advance rents and Unitex Group paid Tk 5.28 crore for 24 months. The bills and other expenditures would be borne by the investors as well.

The BJMC will act as a monitoring body to oversee whether investors comply with the terms and conditions. The investors can upgrade the machinery after taking consent from the corporation, he said.

Mohammad Arif, chief financial officer of Unitex Group, says it looks to start commercial operation within a month and has already appointed the necessary workforce.

Unitex will produce jute products for local and international markets at the mills.

Foreign funds

FROM PAGE B1

falling trend over the last couple of years as they were disappointed over policy changes regarding listed companies, according to a stockbroker.

Citing an example of a tussle between Gramophone and Bangladesh Telecommunication Regulatory Commission (BTRC), he said such incidents spook foreign investors' confidence.

This is not the only case as there are many other examples of incidents that had impacted foreign investment, he added.

Asian markets rise as traders buoyed by another Wall St rally

AFP, Hong Kong

Asian markets rose in limited trade Tuesday following another strong lead from Wall Street fuelled by a rebound in tech firms, while comments from Federal Reserve officials eased concerns that it will embark on an aggressive phase of policy tightening.

US equities rallied for a second day with plenty of support coming from Apple's blowout earnings report last week, while the current reporting season has proved fruitful despite concerns about inflation and central banks withdrawing financial support.

The Wall Street surge came at the end of a volatile month characterised by speculation over the Fed's plans to get a grip on runaway prices, with fears that its new hawkish tilt could see it hike borrowing costs as much as seven times this year with a 50 basis point move in March.

Comments from some leading figures at the bank at the weekend added to expectations the policy board would go hard and fast, though some were out on Monday trying to play down such a move.

Atlanta Fed boss Raphael Bostic said he was not in favour of such a big hike next month, having told the Financial Times at the weekend that his colleagues had not ruled it out.

Meanwhile, Kansas City Fed President Esther George said it was in "no one's interest to try to upset the economy with unexpected adjustments", and the head of the San Francisco arm, Mary Daly, added that measures "have to be gradual and not disruptive".

The Nasdaq soared more than three percent, paring losses for January to nine percent, having at one point been down almost 15 per cent during the month, while the S&P 500 and Dow also chalked up healthy gains.

And the positive energy

continued in Asia, with Tokyo, Sydney and Wellington all up.

However, business was thin owing to the Chinese New Year break that saw Hong Kong, Shanghai, Singapore, Seoul, Taipei, Manila and Jakarta closed.

There was also hope that the rally could indicate markets are finding a bottom after the recent sell-off. "The back to back consecutive rise in US stocks has got some thinking whether the trough has passed," said National Australia Bank's Tapas Strickland.

"Despite the talk of higher rates, earnings so far have been much better than expected. Whether we have passed the trough is uncertain, but certainly for some value is re-emerging."

And Solita Marcelli, at UBS Global Wealth Management, said in a commentary: "Investors should not lose sight of the fact that the economy remains strong, which should limit downside from current levels."

Facebook's crypto project Diem sold after pushback

AFP, San Francisco

The Facebook backed digital currency project Diem announced Monday the winding down and \$182-million sale of its technology, capping a years-long initiative that drew significant concern from regulators.

Facebook's announcement in 2019 of plans to design a cryptocurrency and payment system raised immediate red flags for global finance officials, who

expressed a barrage of criticism about the security and reliability of a private network.

"The idea of Facebook doing a cryptocurrency was a bridge too far for regulators," said analyst Rob Enderle of Enderle Group.

"They have made it clear they don't trust Facebook with what they are doing now, so sure as heck were not going to let it go into the money business."

Diem Networks' US CEO Stuart Levey said in a statement that the

initiative made progress, but "it nevertheless became clear from our dialogue with federal regulators that the project could not move ahead." "Over the coming weeks, the Diem Association and its subsidiaries expect to begin the process of winding down," the association's statement said.

The technology was bought by Silvergate Capital Corporation in California that is a go-to for crypto projects, and which put the sale price at \$182 million.

Remittance hits

FROM PAGE B1 chiefly put a positive impact on remittances.

On January 1, the government increased the cash incentive for sending remittance through the banking channel to 2.5 per cent from 2 per cent.

Between July and January this fiscal year, remittances stood at \$11.94 billion, down 20 per cent year-on-year.

Against the backdrop, the country's foreign exchange reserve, which stood at the \$48 billion mark for the first time in August last year, commenced to face an incessant downward trend.

The reserves stood at \$45.13 billion on January 26.

The government's move to raise the cash incentive has already started to provide a breathing space in managing the macroeconomy.

Rahman said the exchange rate gap between the dollar and the taka had also reduced in the kerb market compared to the banking sector due to the increase in cash incentive, which is why the expatriates opted for the formal channel in sending their hard-earned money.

Rahman said export of workers abroad had also started in recent months, pushing remittances up.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said many banks faced a lack of adequate foreign exchange in settling their import bills.

"So, the lenders have put in their efforts to mobilise more remittances from abroad, bringing a positive effect to the inflow," he added.