Reliance rakes in $100b annual revenue

AFP, *Mumbai*

Reliance Industries became the first Indian company to cross $100 billion in annual revenues after the oil-to-telecoms giant reported strong quarterly results across its energy, telecoms and retail businesses Friday.

The conglomerate, which is owned by Asia's richest man Mukesh Ambani, reported a net profit of 162.03 billion rupees ($2.1 billion) between January and March, 22.5 per cent higher than the same period last year.

Revenues from operations increased 36.8 per cent year-on-year to 2.12 trillion rupees, aided by both its legacy energy business and newer ventures such as retail.

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Income in the quarter helped gross revenue cross 7.93 trillion rupees ($104.6 billion) for the financial year ended March 31.

"Despite the ongoing challenges of the pandemic and heightened geopolitical uncertainties, Reliance has delivered a robust performance," chairman and managing director Ambani said in a statement.

"Our O2C (oil-to-chemical) business has proven its resilience and has demonstrated strong recovery despite volatility in the energy markets," the billionaire added.

Revenues from Reliance's oil refinery and petrochemicals business -- which accounts for more than half of total income -- benefited from higher crude oil prices, rising 44.2 per cent year-on-year to 1.46 trillion rupees.

Workers are seen on the assembly line of RFL's second bicycle manufacturing plant in Gangachara upazila of Rangpur. PHOTO: COLLECTED

RFL Group launches new bicycle plant in Rangpur

STAR BUSINESS REPORT

RFL Group has set up its second bicycle manufacturing plant with the objective to secure a bigger slice of the Tk 1,800 crore domestic two-wheeler market, which is growing due to rising health consciousness and a quest for convenience in transportation.

The plant, established in Gangachara upazila under the northwest division of Rangpur, has already started marketing the bicycles locally, said an official of RFL.

According to the company, the annual demand for bicycles in Bangladesh is 20 lakh pieces but a majority of this demand is met through imports as only two local firms are engaged in making bikes.

These two firms cater to 40 per cent of the local demand for bicycles.

"Once the demand for bicycles was huge in rural areas. Nowadays though, it is highly preferred in urbans areas considering the traffic congestion as well as the health benefits and environmental friendliness of two-wheelers," said Kamruzzaman Kamal, director of marketing at Pran-RFL Group.

The domestic market for bicycles is growing by about 7-8 per cent each year.

The new plant has an annual production capacity of three lakh pieces. With the new unit, RFL's total annual bicycle production capacity has become 11 lakh units.

The company's first bicycle factory was established at the Habiganj Industrial Park in Shaistaganj upazila of Habiganj, where it mainly produces two-wheelers for export.

Kamal went on to say that about 300 people are employed by the new factory, which cost around Tk 60 crore to build.

Imported bikes from China and India dominated the market before 2010 in absence of domestic manufacturing. Later though, RFL entered the industry with its locally made bicycles in order to sell them at home and abroad.

"Currently, we cover around half of the total domestic demand," Kamal said, adding that RFL would consider expanding production again if demand grows further.

RFL has to import a number of raw materials, components and other accessories for making bikes from abroad, namely China, India, Malaysia, Indonesia, Vietnam and Japan. Meanwhile, it manufactures the required frames, forks, rings, tyres and tubes at its factory.

"We are still trying to meet the domestic demand along with exports year after year," he added.

Of the country's total bicycle exports worth $130.8 million in fiscal year 2020-21, RFL fetched $18.8 million. The company exported $12 million worth of bicycles the previous year.

RFL began exporting bikes in 2015 through a shipment to England. It now exports to 10 countries, including England, the Netherlands, Denmark, Germany, Austria and Belgium. The company also exports components such as bike magnets, frames, forks, tyres and tubes.

Kamal said policy support is required to develop the backward linkage industries of two-wheeler manufacturing.

For example, low cost loans, allocation of land at cheaper rates and tax benefits are needed, he said.

Most investors shy away from investing in the bicycle business as a good amount of capital is required while it also takes time to generate a return from the investment.

"So, policy support such as reduced import duty on components would encourage investment in the sector and help the domestic market expand," said Kamal.

RFL is working to export bicycles to the US by 2022, he added.

Turkey inflation spirals to 70pc

AFP, *Istanbul*

Turkey's official inflation rate spiralled to nearly 70 per cent in April, data showed on Thursday, posing a huge challenge to President Recep Tayyip Erdogan, whose unconventional economic policies are often blamed for the economic turmoil.

The consumer price index rose by 69.97 per cent year-on-year in April compared with 61.14 per cent in March, the national statistics agency said.

Erdogan insists that sharp cuts in interest rates are needed to bring down soaring consumer prices, flying in the face of economic orthodoxy.

The collapse of the lira has pushed up the cost of energy imports and foreign investors are now turning away from the once-promising emerging market.

Russia's invasion of Ukraine and the coronavirus pandemic have exacerbated the energy price spikes and production bottlenecks.

Turkey's annual inflation rate -- the highest since Erdogan's ruling AKP party rose to power in 2002, is largely linked to his unconventional economic thinking, analysts say.

Erdogan has put pressure on the nominally independent central bank to slash interest rates.

In April, the bank kept its benchmark interest rate steady for the fourth consecutive month, bowing to the pressure despite high inflation.

The biggest price increases in April were for the transport sector, standing at 105.9 per cent, while the prices of food and non-alcoholic drinks jumped 89.1 per cent.

Covid rules batter China's business confidence

EU chamber says

AFP, *Beijing*

China's strict zero-Covid policy has led to a plunge in confidence among European companies operating in the country as supply chains are tangled, revenue projections fall and staff leave, according to a business group survey released Thursday.

Beijing remains wedded to its strategy of stamping out coronavirus clusters with targeted lockdowns and mass testing, even as the fast-spreading Omicron variant makes this increasingly difficult.

But the European Chamber of Commerce said in a report that the strict containment measures in dozens of Chinese cities, including the biggest Shanghai, had caused "disruption on an epic scale".

"While the war (in Ukraine) has had an impact on European businesses operating in China, Covid-19 presents a far more immediate challenge and has caused a considerable drop in business confidence," the Chamber added.

Its survey of more than 370 members was conducted in late April. Nearly a quarter of respondents are now considering moving current or planned investments in China to other markets -- more than doubling from two months ago.

Production of rock halted

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MGMCL is responsible for supplying the necessary explosives to GTC so that the consortium between Germania Corporation Limited of Bangladesh and JSC Trest Shakhtospetsstroy, a Belarusian state concern for oil and chemistry, can carry out its activities as per the related contract.

Production eventually resumed on March 28 after a shipment of explosives arrived from Thailand but as the supply gradually depleted, GTC was forced to halt its production once again on May 1.

Sources at MGMCL say the mine needs Tk 5-6 crore worth of explosives annually to extract rock from underground. Different countries such as Australia, India and China are primary sources to attain explosives but the MGMCL authorities continually fail to import them in a timely manner.

As a result, rock production has been disrupted five times so far since the contract was signed with GTC in September 2013.

The mine suffers losses of about Tk 1.5 crore for each day that rock extraction activities remain halted due to the lack of explosives.

The authorities of MGMCL said an impromptu action was taken to transfer three employees for their alleged failure to procure the required explosives on time.

All three of the people in question were transferred on April 12.

Considering the high demand for the key construction material, MGMCL's stockyard now bears a barren look as production remains suspended.

Sources at MGMCL say there are only around 50,000 tonnes of rock left in the stockyard.

The 5/20 size rock has the highest demand but MGMCL currently does not have any in stock and so, daily sales have dropped significantly, they said.

Pinak Iqbal, general manager of production at MGMCL, refused to comment on the issue at first but eventually informed that production remains suspended for the explosive shortage.

Soybean oil at Tk 110

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The commerce ministry has been trying to bring in palm crude edible oil from alternative sources like from Malaysia and the USA as its main producer Indonesia banned export of its refined and crude versions from April 28.

Bangladesh has been foreseeing a supply crunch of edible oil with the proposed export ban as the country sources 85 per cent of its annual requirement of 11 lakh tonnes of crude palm oil from Indonesia.

The government hiked bottled edible oil prices by Tk 38 a litre and the loose ones by Tk 44 a litre with effect from May 6.

A litre of bottled soybean oil is sold at Tk 198, up from Tk 160, and the loose oil at Tk 180 a litre, up from Tk 136. The government increased the rates based on the base price of imported crude oil at $1,750 a tonne, up from the previous rates of $1,400 for soybean oil and $1,300 for palm oil, Ghosh said.

Earlier on March 16, the government reduced the value added tax on import of soybean and palm oil to 5 per cent from the previous 15 per cent.

Bangladesh monthly needs around 1.67 lakh tonnes of edible oil and the demand rises to around 3 lakh tonnes during Ramadan.

Only 2 lakh tonnes out of the country's annual demand of 20 lakh tonnes of edible oil come from local production and the rest from imports.

Bangladesh annually imports some 5 lakh tonnes of crude soybean oil and some 24 lakh tonnes of soybean seeds.

Around 4 lakh tonnes of edible oil are produced from the imported seeds, according to the commerce ministry data.

Shwapno clocks record

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terms of orders and user base and makes deliveries against more than 30,000 orders each month.

The private-label brands of the chain clocked a 71.7 per cent increase in the number of products in its assortment and a 9.7 per cent year-on-year sales growth.

Through all of these initiatives, Shwapno netted record-breaking sales of Tk 151.8 crore in June last year. It made operating profit in July 2020 and in the months of May and June of 2021.

Presently, it operates through more than 200 outlets.

With 52 newly opened express outlets, Shwapno has continued extending its footprint outside Dhaka and now has a presence in 31 districts, giving it a 49 per cent market share in the segment.

However, ACI Logistics incurred a loss of Tk 142 crore in 2020-21, albeit down 9.56 per cent year-on-year.

The lower finance cost helped the company narrow losses. The net finance cost fell 12.6 per cent to Tk 125 crore in 2020-21, according to the financial report of Shwapno.

"Shwapno has been making operating profits since the last quarter of 2020-21 and our projection is that it will log net profits from 2025," Nasir told The Daily Star.

"As the operating profit is in the positive territory, the higher turnover will pave the way for us to make net profits in the coming years."

Lending loses steam

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the stimulus packages had given a boost to the economy at the height of the pandemic.

He, however, declined to comment on the sluggish release of the interest subsidies.

Md Serajul Islam, spokesperson and executive director of the BB, said that the central bank had to send recommendations to the finance ministry on the release of the subsidy after conducting inspections on the loans.

"We will disburse the fund just after getting approval from the Office of the Controller General of Accounts."

Another BB official says that the economy will not rebound at the expected pace if the implementation of the packages remains sluggish.

Emranual Huq, managing director of Dhaka Bank, requested the authorities to release the subsidy as quickly as possible in a bid to speed up the implementation of the stimulus packages.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that lenders had selected capable borrowers to disburse the loans during the first round of the packages.

"It is a bit difficult to find out efficient borrowers as many borrowers who had taken up loans have failed to pay back on time."

Eid cheers up battered

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There are 70 rooms at the hotel and about 50 per cent of them were booked even on Eid day.

"With this kind of response from guests, it can be inferred that the whole month of May, especially in the holidays, will see good business as many have already started making bookings," Mahmud added.

Resorts in other parts of the county also welcomed a good number of tourists amid the Eid festivities.

The Palace Luxury Resort, built on 150 acres of land with 100 rooms and 32 villas in a village of Habiganj district, was almost fully booked during the Eid holidays.

"Compared to the festival seasons during the last two years of the pandemic, our business was good," said Joseph Gomes, general manager of the resort.

"We are now in the recovery phase of the pandemic and the pace of the recovery is pretty good," he added.

Md Abdullah Al Kafi, managing director at Meghmati Village Resort in Mymensingh, said the prolonged length of this year's Eid holiday propelled domestic tourism.

The occupancy rate was almost 100 per cent in the village concept-based resort, which also markets organic food.

"We have identified a different trend this year that many guests came to our resort in the morning of Eid day," he said.

Kafi went on to say that the pandemic stalled domestic tourism for the past two years but people rediscovered the beauty of Bangladesh this time around.

Pradip Sanyal, executive director of the Bhawal Resort and Spa in Gazipur, said 90 per cent of their rooms were booked for the last few days centring the Eid festival.

Industry people say the busiest days were the first four days after Eid day on May 3, and they expect good business in the coming days

Md Jahirul Islam, operation head (in charge) of Mermaid Beach Resort, said business during this Eid season met 80 per cent of their expectation.

Nitai Chandra Sutradhar, finance and accounts manager of the Nokkhotrobari Resort in Gazipur, said 22 rooms were booked out of the 29 available during May 4, 5 and 6. But despite the influx of tourists, hotel and resort owners continue to reel from pandemic-induced losses.

Chowdhury of Hotel The Cox Today said the losses during the pandemic will take several years to recover.

"The business that we lost in the last two years may never be covered," he added.

Islam of Mermaid Beach Resort said they have put aside all the setbacks of the pandemic and are taking the current year positively.

"There are no more restrictions related to Covid-19 this year and I have to say that business has been fairly fruitful as a result. We are considering this year as the year of transition and next year as the year of business," he added.

According to the Bangladesh Outbound Tour Operators Association, more than five lakh people could visit India during the Eid holidays this time. Besides, many are expected to go to the Maldives, Thailand, Nepal, and Dubai.

According to a recent survey by the Bangladesh Bureau of Statistics (BBS), India is the top choice for Bangladeshis to travel abroad, followed by Saudi Arabia, Malaysia, and Thailand.

"We have seen that a good number of tourists went outside the country during this Eid, especially to countries which provided visas and improved the facilities suitable for the new normal," said Kamrul Islam, general manager (public relations) of US-Bangla Airlines.

According to him, the top destinations for tourists were Kolkata, Kathmandu, Maldives and Dubai.