

Reliance posts highest-ever refining revenues

AFP, Mumbai

Indian oil-to-telecoms giant Reliance Industries reported earnings that missed analyst estimates Friday, despite a strong performance by its core oil-refining business.

The conglomerate, which is owned by Asia's richest man Mukesh Ambani, reported a net profit of 179.55 billion rupees (\$2.25 billion) between April and June, 46.3 per cent higher than the same period last year.

Revenues from operations increased 54.54 per cent year on year to 2.23 trillion rupees, aided by both its legacy energy business and newer ventures like telecoms.

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Revenues from Reliance's oil to chemicals (O2C) business -- which accounts for 60 per cent of total income -- jumped 56.68 per cent year-on-year to 1.62 trillion rupees, its highest ever.

A 65 per cent year-on-year increase in Brent crude oil prices in the quarter primarily contributed to the strong performance, the company said.

Imports of Russian crude at discounted rates have likely helped Reliance's refining margins as energy demand surged.

Revenues from the energy giant's smaller oil and gas exploration and production business jumped 183 per cent year-on-year to 36.25 billion rupees, helped by higher gas prices.

"Geopolitical conflict has caused significant dislocation in energy markets and disrupted traditional trade flows," chairman and managing director Ambani said in a statement.



A farmer is seen tending to his dragon fruit orchard in Kumirhat village under Aditmari upazila of Lalmonirhat. Although local production of exotic fruits such as this has picked up over the years, about 60 per cent of the demand is still met through imports. PHOTO: STAR/FILE

60pc of fruits still imported to fill demand

STAR BUSINESS REPORT

Although Bangladesh is one of the largest producers of mango, jackfruit and guava in the world, about 60 per cent of the country's demand for fruit is met through imports at an annual cost of around \$30 million, according to experts.

So, to reduce import dependency and ensure nutritional security, the government should focus on the production and marketing of high-value fruits, they said.

Besides, the constraints of getting quality saplings, poor post-harvest technologies and lack of storage facilities should be removed as soon as possible, they added.

These comments came yesterday at a seminar on "Year-Round Production of Nutritious and High Value Fruits", jointly organised by the Bangladesh Academy of Agriculture (BAAG), Department of Agricultural Extension (DAE) and Agricultural Research Foundation at the Bangladesh Agriculture Research Council.

"Although Bangladesh is the world's second, seventh and eighth largest producer of jackfruit, mango and guava respectively, the country still has to import exotic fruits as

local production meets only 30 to 40 per cent of the demand," said Md Mehedi Masood, deputy director of the DAE's horticulture wing.

"There is a bright prospect for high-value fruit production in Bangladesh but the problems in cultivation and marketing should be resolved immediately," added Masood, also project director of the "Year-Round Fruit Production for Nutrition Improvement Project".

He went on to say that apple, malta and grapes are the main fruits that have to be imported as they are mostly consumed between September and January, when local supply is low.

In addition, the number of fruits cultivated has only slightly widened from 56 to 78 varieties over the past decade, Masood said.

Farid Uddin Ahmed, former executive director of the Arannayk Foundation, mentioned how different local research and educational institutions have developed a total of 197 modern varieties of fruits.

Of these fruits, the Bangladesh Agricultural Research Institute, Bangladesh Agricultural University, Patuakhali University of Science and Technology, and Bangabandhu Sheikh

Mujibur Rahman Agriculture University developed 97, 88, eight and four varieties respectively.

Agriculture Minister Muhammad Abdul Razzaque urged researchers in the country to play an active role in the agricultural sector and focus on improving fruit cultivation.

Terming the government as "agriculture-friendly", he said they are giving a subsidy of about Tk 28,000 crore to farmers to provide fertilisers at lower prices.

"The government will take all efforts to avoid a shortage of fertilisers at any cost," he said.

Md Benojir Alam, director general of the DAE, urged for utilising the tissue culture method for improving local fruit production.

Tissue culture refers to the process of growing tissues or cells in an artificial medium separate from the parent organism.

Among others, Shaikh Mohammad Bokhtiar, executive chairman of the Bangladesh Agricultural Research Council, also spoke at the event chaired by BAAG President Kazi M Badruddoza, a national emeritus scientist.

Brac Bank to use Dutch global payments network

STAR BUSINESS DESK

Brac Bank yesterday announced a partnership with TerraPay to enable non-resident Bangladeshis abroad to send funds to Bangladesh in real time.

The global payments infrastructure company has merchant partner networks with payouts to over 4.5 billion bank accounts and 1.5 billion mobile wallets, said a press release.

"This partnership adds to our growing remittance partnerships globally to help expatriate Bangladeshis send money from anywhere in the world," said Selim RF Hussain, managing director of Brac Bank.

Wheat prices tumble

AFP, New York

Wheat prices tumbled Friday, retreating to levels last seen prior to the Russian invasion of Ukraine following a landmark agreement to unblock Ukraine's Black Sea grain exports.

In Chicago, the price of wheat for delivery in September dropped 5.9 per cent to \$7.59 per bushel, which is equivalent to about 27 kilograms and the lowest close since Russia invaded its neighbor on February 24.

On Euronext, wheat prices for delivery in September fell 6.4 per cent to \$325.75 per ton.

Friday's agreement between Kyiv and Moscow -- through United Nations and Turkish mediation -- establishes safe corridors along which Ukrainian ships can come in and out of three designated Black Sea ports in and around Odessa.

Russia and Ukraine together produce about 30 per cent of the world's wheat exports.

Up to 25 million tons of wheat and other grain have been blocked in Ukrainian ports by Russian warships and landmines Kyiv has laid to avert a feared amphibious assault.

Despite Friday's retreat in wheat prices, analysts expressed skepticism about the accord's ability to sidestep the realities of the grinding Russia-Ukraine conflict amid doubts over Moscow's willingness to implement the deal.

Saudi Arabia to sign energy deals with Greece

REUTERS, Athens

Saudi Crown Prince Mohammed bin Salman will visit Greece on July 26 to meet Prime Minister Kyriakos Mitsotakis, the Greek foreign ministry said on Friday, in his first visit to an EU country since the 2018 killing of Saudi journalist Jamal Khashoggi.

The ministry said the pair were due to sign bilateral deals, without giving details. A Greek diplomatic source said the deals were in the fields of energy, military cooperation, and an undersea data cable, among others.

Greece and Saudi Arabia agreed in May on the main terms to set up a joint venture to lay the data cable that will link Europe with Asia. The "East to Med data Corridor" will be developed by MENA HUB, owned by Saudi Arabia's STC and Greek telecoms and satellite applications company TTSA.

BB to sign MoU with banks

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operational targets to reduce NPLs, can help initiate active NPL resolution in banks.

In the absence of reforms to stem the flow of NPLs, the authorities' plan to establish a public asset management corporation poses significant fiscal risks, it opined.

According to the statement, the government is considering raising prices of petrol, octane, liquefied natural gas (LNG) and electricity in the coming months.

It observed that subsidies for energy, fertilisers and food as well as support for the vulnerable and farmers have increased.

But a reprioritisation of current and capital expenditures is expected to contain the fiscal deficit for FY22 as budgeted at 5.1 per cent of the GDP, it said. The IMF projected the fiscal deficit to reach 5.5 per cent of the GDP in FY23, partly driven by higher subsidies and weak revenue collections.

In the absence of adequate revenue mobilisation, budget financing is increasingly relying on costly domestic debt, eroding fiscal space, it opined in the statement. The government has set aside an allocation of Tk 82,745 crore to run its subsidy programme for fiscal year 2022-23.

A finance ministry official said the amount of subsidy may need to be raised if the prices of fuel, fertiliser and LNG rises in the global market.

Of the total allocation, subsidies worth Tk 18,000 crore have been set aside for power, Tk 15,000 crore for fertiliser and Tk 6,000 crore for LNG.

The IMF mission opined that the Russia-Ukraine war has interrupted the robust recovery from the pandemic and was posing serious macroeconomic challenges for the country.

In line with global developments, rising commodity prices, supply disruptions, and a slowdown in external demand have led inflation rising to its highest 7.6 per cent in

June since 2014, it said.

Current account deficit has widened to 3.5 per cent of the GDP between July and May and the taka depreciated by 9 per cent since March, it said.

Moreover, foreign exchange reserves declined to 5 months of prospective imports from their peak of 7 months at the end of FY21, it added.

Near-term growth is expected to be weighed down by a slowdown in Europe and the US which account for over 80 per cent of total export demand, forecasted the IMF.

Inflation, driven by commodity prices, is expected to peak in the third quarter of FY22 and remain elevated, it said.

Persistent inflationary pressures, faster tightening of financing conditions and larger than expected slowdowns in major advanced trading partners and China could further put pressure on reserves and the taka, it pointed out.

Junk stocks

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even in a bearish market. So, people are considering the market risky and manipulation-based," he said, adding that the young generation is not coming to the market as well.

"If the manipulation does not come to an end, good stocks will not rise." Hossain urged the surveillance team of the DSE and the BSEC to act proactively to stop manipulation.

"Many investors are unwilling to invest in good stocks since rumour-driven securities are producing more capital gains," said Mir Ariful Islam, managing director of Sandhani Asset Management.

He says the rise of junk and low-performing stocks has been a common trend for many years. Now, many institutional investors are betting on them. "This is not a good indication for the market."

Islam urged investors to keep faith in sound companies since they make profits sustainably. "The regulator should see why the low-performing stocks are rising," he added.

Newsweek highlights

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"Along with these values, we have a clear direction of being formidable players in every industry. And of course, quality must never be compromised."

Today, Transcom has the franchise of Pepsi, which is a dominant player in the beverage business in Bangladesh.

The group also manufactures appliances and white goods for Whirlpool and cosmetics for L'Oreal and acts as the local partner for others, including Frito-Lays, KFC, Pizza Hut, Abbott and Mars.

Its concern Eskayef Pharmaceuticals Ltd has been the leading force in Bangladesh's pharmaceutical market.

It started manufacturing life-saving insulin vials for Novo Nordisk in 2012, four years after it became the distributor of the major multinational pharmaceutical company. In 2017, Eskayef got into an agreement with Novo Nordisk to produce its modern penfill insulin and became the first company in the world to do so as a manufacturing partner of the Danish multinational company.

"As for global standards, it is important to note that Eskayef Pharmaceuticals has received all the necessary international regulatory approvals from the most stringent bodies in the world," Simeen Rahman said.

"Eskayef's quality is right up there with international standards whilst implementing global best practices. Our standards are identical to any

manufacturer in the US or Europe. We have the same accreditations and quality standards."

After the outbreak of Covid-19 in Bangladesh in early 2020, Eskayef launched the first generic in the world for the three most effective anti-viral drugs shortly after the emergency approvals by global regulators. It also exported the drugs to 49 countries and supported patients all over the globe.

Digital development and artificial intelligence are crucial components of the business strategy of Transcom, which employs around 20,000 people. The group aims to achieve exponential growth in its existing industries, expand its footprint globally through Eskayef Pharmaceuticals and focus on technology as the big growth area.

Among others, Newsweek also featured business houses such as Concord Group, a construction and real estate major, Envoy Group, one of the top garment exporters in Bangladesh, and United Group, which operates in the power, real estate and healthcare sectors.

It also highlighted Confidence Group that has business interests in cement, concrete ready-mix, power and telecommunication, Sikder Group, which runs businesses in the infrastructure, power and insurance sectors, Hosaf Group, which has businesses in LED lights and electric metres, and Multimode Group, which is engaged in the seeds, livestock, silk and textile sectors.

HungryNaki scales down

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The officials said the online food delivery market in Bangladesh was still small and customer acquisition was very costly, prompting the Chinese e-commerce giant to focus on selling products and services rather than food.

"No decision has yet been taken on shutting down HungryNaki," said one official.

In a reply to The Daily Star's queries, HungryNaki said, "We are temporarily closing some operational zones due to a reduction in order ratios and service development."

It said to have had to change its business priorities several times as Bangladesh was a relatively new and rapidly growing industry.

Operators must frequently reorganise operations to keep up with technological advancements and ever-changing customer demand, it said.

"...the company believes that zone closing is the appropriate organisational response to such changes in order to protect profitability," it added.

The company had to let go of some employees as some roles and functions were merged, it said.

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guidelines when producing medicine," he added.

If medicines are produced following the patent rights, drug prices in local markets will be costlier.

To avert the situation, Bangladesh initially tried to extend its Trade Related Aspects of Intellectual Property Rights (TRIPS) waiver by six to nine years and then up till January 1, 2033.

However, in the 12th Ministerial Conference of the World Trade Organisation (WTO) held in Geneva last month, global leaders did not extend the TRIPS deadline for graduating LDCs.

Under the current trips agreement, drug makers in LDCs can produce any generic medicine without having to follow the patent guidelines until January 1, 2033, but the benefit is not applicable for graduating LDCs such as Bangladesh.

On the other hand, global leaders at the WTO did extend the

TRIPS waiver for the production of emergency drugs, such as Covid-19 vaccines, for all countries.

Rahman then suggested addressing the shortage of skilled manpower and exploring opportunities of setting up joint ventures to attract more foreign direct investment (FDI) for the country's special economic zones.

He also suggested encouraging contract manufacturing, bringing changes in local laws to take advantage of the TRIPS agreement, and quickly opening active pharmaceutical ingredient (API) parks in the country.

The seasoned economist yesterday made these comments at a discussion on "Export of Pharmaceuticals Sector Upon LDC graduation: Strategies and Way forward" organised by the Dhaka Chamber of Commerce and Industry (DCCI) at its office in Dhaka.

Government high-ups, drug manufacturers, exporters, university professors, experts and businessmen participated in the discussion.

Salman Fazlur Rahman, private industry and investment adviser to the Prime Minister, said annual pharmaceutical exports from Bangladesh will cross \$1 billion from the current \$160 million within the next two to three years as the door to US markets are open for certain local drug makers because of their high level of compliance.

He also said if local drug manufacturers can utilise the US market opportunities, the value may cross \$5 billion within the next five to six years.

ABM Faruque, a professor of the department of pharmaceuticals of the University of Dhaka, also suggested quickly opening API parks, a project for which was taken in 2008 but could not be implemented until now.

Ahmad Kaikaus, principal secretary to the Prime Minister, said LDC graduation will be an opportunity for the country even though there are some challenges to