

Star BUSINESS

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WHY WORK ORDERS SLOWED

- Recession fears in European countries
- High inflationary pressure in export destinations
- Severe fallout of Russia-Ukraine war
- Shutdown of a good number of stores in Russia
- Old stock of unsold garments of retailers and brands
- Fall in demand for luxury items

WORST SUFFERERS

Small and medium factories

HOW EXPORTERS ARE COPING

- Looking for low-cost fabrics
- Expanding capacity for volume-driven exports
- Giving discounts to buyers to improve relations
- Searching for new markets
- Making diversified products
- Bringing down working hours

Padma's oil tank sealed off for duty dodging

MOHAMMAD SUMAN, Ctg

For the past two months a storage tank of state-run Padma Oil Company containing nearly 6,000 tonnes of furnace oil has been kept sealed off by Custom House, Chattogram on charges of dodging duty of Tk 116.74 crore.

According to customs documents, 19 consignments comprising some 45 tonnes of furnace oil were released from the Chattogram port in mid-2021.

Some Tk 101.83 crore in duties was evaded through the use of a statutory regulatory order (SRO) which was postponed on June 3, 2020. An SRO is a government facility offering duty reductions.

Another Tk 14.91 crore in duties was evaded through underinvoicing.

For example, the letter of credit of one of the consignments comprising 3,504 tonnes of furnace oil from Indonesia showed that \$556 had been paid for each tonne.

However, in customs documents, the Padma showed the price to be \$419.48.

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TROUBLE BREWING for RMG exporters as orders fall

REFAYET ULLAH MIRDHA and RAMISA ROB

Apparel exporters in Bangladesh are feeling the pinch of a looming global recession, persisting higher inflation and dragging severe fallout of the Russia-Ukraine war as orders from international buyers have fallen.

The decline in the booking of orders came after inventory piled up for retailers and brands forcing them to cut or cancel orders or put them on hold amid belt-tightening by western consumers, particularly in Europe.

The fall in demand could deal a major blow to Bangladesh's biggest foreign currency earning sector, which accounted for about 85 per cent of export receipts of more than \$52 billion in the last fiscal year.

One of the top exporters in Bangladesh, Envoy Textiles usually sits on orders for more than three months.

"We are booked for less than one month now," said Kutubuddin Ahmed, chairman of the garment exporter.

Ahmed's buyers, mainly European, are reasoning that they are worried about the piling up of unsold goods since the demand for garment items has dropped because of higher inflation and a threat of a recession stemming from the war.

Inflation in the eurozone reached a record high of 8.9 per cent in July, led by costlier energy as the fallout from the war continues to hammer the economies in the trade bloc.

International retailers and brands are facing fresh troubles

at a time when they are yet to recover fully from the impacts of Covid-19.

The fresh uncertainty prompted Ahmed to instruct his research and development department to produce low-cost fabrics so that Envoy Textiles can survive the imminent hard times as consumers will not buy high-end garment items amid an increased cost of living.

Ha-Meem Group, another

garment exporter, is planning to expand its manufacturing capacity by 10 per cent to achieve its shipment target of \$700 million in 2022.

"But it might be impossible as my buyers are placing lower orders than they promised earlier mainly because of the war," said AK Azad, chairman of the group.

MA Jabbar, managing director of DBL Group, another

garment exporter, says he has diversified the markets to maintain good business growth.

For instance, DBL Group used to export only 2 per cent of its garment items to the US and 98 per cent to the European markets. Now, it has started selling garment items in the US in large volumes, with more than 10 per cent of the company's total exports already destined for the world's largest economy.

"This is because the inflow of work orders from the European buyers is low whereas the stream of orders from American buyers is higher owing to the trade tension between America and China," Jabbar said.

DBL Group has set an apparel export target of \$500 million for the current fiscal year, which began on July 1.

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dbi CERAMICS

STOCKS	
DSEX ▲	CSCX ▲
0.24%	0.31%
6,315.82	18,570.79

COMMODITIES	
Gold ▲	Oil ▲
\$1,749.74	\$93.63
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.44%	▼ 1.19%	▼ 0.5%	▼ 0.04%
59,031.30	28,452.75	3,246.21	3,276.22

Ex-CEO Mahtab sues Robi, seeks Tk 227cr

STAR BUSINESS REPORT

Mahtab Uddin Ahmed, a former chief executive officer of Robi Axiata Ltd, has filed a lawsuit against the telecom operator, its board chairman and former group CEO seeking Tk 227 crore in retirement benefits and compensation for 'wrongful dismissal'.

He filed the case on Monday at the 1st Court of Joint District Judge, Dhaka, according to a statement issued by Ahmed's lawyer Hassan MS Azim.

Ahmed submitted his letter of resignation to the operator on August 2, 2021, and it came into effect on October 31 last year. He gave no reason for the decision.

The board of directors of the mobile phone operator accepted the resignation by issuing a letter dated

August 5.

Two days later, however, Robi initiated a departmental proceeding by serving a show-cause notice on Ahmed regarding accounting transactions that took place in 2019, which Axiata Group and the Robi board were aware of, said the statement.

Robi dismissed Ahmed on May 22 this year, nine and a half months after accepting the

resignation.

"The dismissal of our client on 22 May 2022 was done by a vested quarter with an ulterior motive," said the lawyer in the statement.

And the dismissal was based on certain allegations, which are absolutely false and baseless as has been found in the financial statements of 2021 prepared by Robi management and audited by Hoda Vasi Chowdhury & Co, an external independent audit firm, Azim said.

The statement stated that Ahmed continued to face challenges in dealing with former Group CEO Izzadin Idris since his becoming the chairman of the board of Robi, and later primarily on his long pending salary dispute.

"It is also to be mentioned that the GCEO [Group CEO] threatened my client in writing of 'consequences' multiple times well before the above allegation was brought in."

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Stock trading hours brought forward by 30 minutes

STAR BUSINESS REPORT

Trading hours of Bangladesh's stock market have been brought forward by 30 minutes in order to reduce the pressure on energy consumption, according to a circular from the Bangladesh Securities and Exchange Commission (BSEC).

As such, trading hours will now begin at 9:30am instead of 10:00am and end at 1:50pm instead of 2:30pm.

The BSEC decided to introduce the new trading hours, which will take effect from today, in line with instructions from the Cabinet Division and Bangladesh Bank to reduce banking hours, the circular said.

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Chaldal raises Tk 5cr Startup Bangladesh offered the follow-on investment

STAR BUSINESS REPORT

Online grocery platform Chaldal has raised Tk 5 crore in funding from Startup Bangladesh, the first government-backed and flagship venture capital fund.

Startup Bangladesh has co-lead the latest series of fundraising with Taavet+Sten, a venture capital fund, according to a statement issued yesterday.

Earlier in 2021, Chaldal raised an undisclosed amount of funds from Startup Bangladesh, which had invested Tk 15 crore in seven local startups.

The latest funding could give a boost to Chaldal, which expanded to different cities in tune with its pandemic period growth. Its growth has slowed as the economy opened up and people resumed visiting physical shops on a full scale, said industry people.

"I am glad to see that Chaldal, through their ideas and innovation with

technology, are playing a critical role in addressing the market needs and contributing to developing products and services that can be accessible and affordable for all," said State Minister of ICT Zunaid Ahmed Palak.

Bangladesh holds the most promising opportunity for venture capital and private equity investments for the startup industry in the region, he said.

"Startup Bangladesh is investing in startups that are contributing to our national achievement through their crucial and essential solutions towards building a Smart Bangladesh," he added.

"Chaldal is one of the pioneers in the industry and an example for others to follow. The company was a part of the first batch of our investments and since then has grown tremendously year-on-year," Sami Ahmed, managing director at Startup Bangladesh.

"We are immensely proud of our relationship with Startup Bangladesh."

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