



Workers busy unloading goods at the Khatunganj wholesale market, one of the country's largest commodity hubs in Chattogram. Though traders and importers say the prices of most products have been stable in the international market for the last few months, the prices of the most-consumed items during Ramadan such as chickpeas, dried peas and dates have increased in the wholesale markets in Dhaka and Chattogram due to a supply shortage. Story on B1.

PHOTO: STAR

Unique Hotel's profit surges 270% in Q2

STAR BUSINESS REPORT

Unique Hotel & Resorts Limited, the owning company of The Westin Dhaka, made Tk 29.44 crore in profit in the second quarter of the current financial year, up 270 per cent year-on-year.

This compared to the Tk 7.95 crore profit it clocked in the October-December quarter of the previous financial year.

The company, thus, reported earnings per share (EPS) of Tk 1 in October-December of 2022-23 against Tk 0.27 in the identical quarter of 2021-22.

Unique Hotel raked in Tk 44.75 crore profit in the first half of FY23, an increase of 462 per cent from Tk 7.95 crore it took home in the same period of FY22.

Thus, the EPS surged to Tk 1.52 in the first half of the current financial year from Tk 0.27 in the same period of FY22.

The EPS increased thanks to a rise in revenue during the reporting period, said the hotel in a filing on the Dhaka Stock Exchange (DSE).

The net operating cash flow per share rose to Tk 2.24 in July-December of FY23 from Tk 0.47 in the first half of FY22. The NOCFPS rose due to an increase in revenue following the improvement in the Covid-19 situation, said the filing.

The net asset value per share stood at Tk 84.79 on December 31 and Tk 84.73 on June 30.

Shares of Unique Hotel were up 1.80 per cent to Tk 68 on the premier bourse of Bangladesh yesterday.

Adani stocks sink Indian shares

REUTERS, Bengaluru

Indian shares fell to their lowest level in over a week on Wednesday, dragged by Adani group stocks after a short seller raised fresh concerns about the group's debt in a report that had a ripple effect across the market.

The Nifty 50 index closed 1.25 per cent lower at 17,891.95, while the S&P BSE Sensex fell 1.27 per cent to 60,205.06.

Stocks of the seven listed Adani group companies fell between 1.5 per cent and 9 per cent after Hindenburg, a well-known US short seller, said in a report that key listed companies in the group controlled by billionaire Gautam Adani had "substantial debt".

This has put the entire group on a "precarious financial footing", the report said.

Adani Group refuted the allegations, terming them "baseless."

The flagship Adani Enterprises fell about 1.54 per cent, while Adani Ports and Special Economic Zone dropped more than 6 per cent. Adani Ports was the top loser on the benchmark Nifty index on Wednesday.

Adani-owned cement firms ACC and Ambuja Cements fell 7.28 per cent and 7.77 per cent, respectively.

All the major sectoral indexes logged losses, with the heavyweight financials sliding 2.13 per cent. Analysts cited risk aversion due to the Hindenburg report for the drop.

Higher dollar, fuel prices affect Runner Auto's sales

STAR BUSINESS REPORT

Runner Automobiles Ltd, the country's leading bike manufacturer, suffered losses for the second consecutive quarter in October to December owing to a sharp decline in the sales of motorcycles, three-wheelers and commercial vehicles.

Higher prices of bikes and vehicles resulting from an increased import cost amid a sharp depreciation of the taka against the US dollar, and the spike in fuel prices affected demand, said a top official of the company.

The automobile seller's losses per share stood at Tk 2.08 in October-December of 2022-23 from a profit of Tk 0.96 in the same period a year ago.

Its overall losses rose to Tk 3.13 each share in July-December from an EPS of Tk 1.49 in the first half of the previous financial year, said the company in a filing on the Dhaka Stock Exchange.

Shares of Runner remained unchanged

at Tk 48.4 yesterday.

Overall sales of bikes and three-wheelers declined by half to 100,000 units in the second quarter of FY23 from the previous year, said Shanat Datta, chief financial officer of Runner Automobiles.

"What we see is that the operating expenses of buyers have increased because of the erosion of the purchasing power for higher consumer prices and an increased cost of fuel. Many buyers are deferring their purchase plans."

According to Datta, prices have shot up 30 per cent for the increased cost of dollars.

The American greenback has appreciated by about 25 per cent against the taka in the past one year as the foreign currency reserves of Bangladesh have depleted owing to escalated imports.

Runner Automobiles said it has taken several corrective actions, including cost rationalisation and discontinuation of non-value-adding activities.

It markets three-wheelers of Indian Bajaj Auto while its subsidiary, Runner Motors Ltd, is the distributor of light and heavy-duty trucks and pick-ups made by Volvo Eicher Commercial Vehicles.

Overall sales of bikes and three-wheelers declined by half to 100,000 units in the second quarter of FY23 from the previous year

Runner's three-wheeler manufacturing plant is going to begin commercial production in the third quarter of this year.

"Hopefully, with the execution of the plan, Runner's profitability and overall competitiveness will see a good improvement," said Runner's Company Secretary Md Mizanur Rahman in the price-sensitive information.

With a manufacturing plant in Bhaluka, Mymensingh, Runner Auto has the capacity to manufacture about 500 units of two-wheelers per day and 100,000 units annually.

It had a 4 per cent market share in the two-wheeler segment in 2021-22. In the three-wheeler segment, its market share grew to 34 per cent at the end of 2021-22.

The auto seller posted Tk 46.70 crore in net profit in 2021-22, down marginally from Tk 47.39 crore a year ago, according to its annual report.

Runner Automobiles' consolidated net operating cash flow per share, a measure of a firm's financial strength, surged to Tk 15.86 in July-December against Tk 4.99 in the first half of FY23.

The consolidated net asset value, which represents the value of an entity's assets minus the value of its liabilities, fell to Tk 62.61 per share on December 31 from Tk 66.50 on June 30.

Ramadan items

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Aslam Bhuiyan, a fruit retailer in Karwan Bazar, one of the biggest kitchen markets in Bangladesh, says a regular quality date that was priced at Tk 120 per kg a week ago is now being sold at Tk 130.

The price of good quality dates has gone up by Tk 100 to 300 in a span of a week.

"Due to the escalated price of the dollar and the supply shortage, the price may go up further," Bhuiyan warned.

The American greenback has appreciated by about 25 per cent against the taka in the past one year as the foreign currency reserves of Bangladesh have depleted owing to escalated imports.

Owing to the dollar shortage, businesses are finding it difficult to open LCs to buy items from international markets.

Shafi Mahmud, president of the Bangladesh Dal Babosayee Samity, a platform of businesses involved in the trading of lentils, claimed that the demand was lower currently than the supply.

"Ramadan is approaching but businesses are already facing trouble

in opening LCs due to the dollar shortage. If the dollar crunch is not sorted out, the price will increase a lot during Ramadan."

Abdul Hakim, a commodity importer in the Khatunganj wholesale market, says the import process usually begins three months before Ramadan.

"However, a huge amount of goods has been stuck at the port due to the complexity in opening and settlement of LCs on time. As a result, there has already been a tendency among a section of traders to stockpile goods to make higher profits during Ramadan."

Alam Hossain, a proprietor of Alam Store in the Chawkbazar market, says apart from Ramadan, the demand for chickpeas and peas is always there.

"The prices of the items usually go up 15 days before Ramadan. Now, the prices have begun to rise two months before the fasting month begins. This is largely because of the supply shortage."

Any price control mechanism will not work if imports don't return to normalcy, he added.

Hike gas prices in phases

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difficulties to afford the high priced gas of different sources.

As a result, the government should adjust the prices of gas of different sources so the industrial units can purchase those at affordable rates.

In the letter, the BGMEA also said the prices of raw materials for garment items have already soared in the local markets because of the fresh gas price hike, because of which the production cost has also gone high.

It would be difficult to stay competitive in global business because of the unusual price hike of gas in the domestic markets, the letter said.

The price hike of gas will also affect the inflation level in the local markets as the bank loan interest rate will also rise.

The workers will be facing the severe impacts of the price hike of the essentials and there is a possibility of a worker unrest to take place in the country, the BGMEA said.

The law and order situation may deteriorate following such price hike and suffering of the workers, the

letter said.

On January 18, the government raised the retail price of gas by 14.5 per cent to 178.9 per cent for industries, power plants and commercial establishments, who together account for 78 per cent of gas use in Bangladesh, as it looks to lessen its unsustainable subsidy burden amid a narrow fiscal space.

From next month, the price of gas used for power generation will be Tk 14 for each cubic meter, up 178.9 per cent from the existing rate, as per the gazette notification from the ministry of power, energy and mineral resources.

That would be a 150 per cent hike for large industries, 154.7 per cent for medium industries and 178.3 per cent for small and cottage industries.

For captive power plants, it would be an increase of 87.5 per cent.

Commercial establishments like hotels and restaurants will have to pay at Tk 30.5 per unit, up 14.5 per cent from the existing rate.

The tariff for households, fertiliser production, CNG-run vehicles and tea gardens will remain unchanged.

FMCG sales drop

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to rely on imports to sell their products in Bangladesh have been affected more than those that manufacture products locally, said Md Sahabuddin, company secretary of Marico Bangladesh, a multinational company.

He, however, thinks that the FMCG is a large market, so a higher inflation might not hurt it severely.

Pran's Kamal says his company had tried not to hike prices initially and instead went for downsizing the products so that the prices could be kept unchanged.

"Only when it was not possible, we increased the prices, and most of the companies also did the same."

Shamima Akhter, director for corporate affairs at Unilever Bangladesh, says: "2022 had been one of the most tumultuous years we

experienced as the country navigated unprecedented commodity cost escalation, supply lines gridlocks, currency depreciation, and heavy flash floods in the north."

"But despite all the headwinds, what is good for Bangladesh is good for Unilever" as we continued to serve our consumers with their much-needed essential products."

The second half of 2022 was especially challenging as the inflationary environment impacted the consumption, leading to a volume decline and leading toward higher production costs, Shamima said.

"We have focused on driving productivity efficiencies hard to generate savings that offset some of the cost increases. At the same time, we are invested more in product quality and brand support to ensure

that they offer superior performance and great value."

Md Shafiqul Islam, a private sector employee who lives in the capital's Shewrapara, says the prices of all products have risen in the past one year.

"So, I have had no other option but to slash expenses since my salaries have not gone up in line with the hike in the cost of living. So, I have cut the consumption of some products that are relatively less important."

Cutting VAT

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"We have given some exemptions at the import level for the convenience of consumers. Still, there has been a fall in collection," he said.

"But hopefully by the end of the fiscal year, we can get closer to the revenue target," Muneem added.

Germany to avoid recession this year: govt

AFP, Frankfurt

Germany is set to narrowly escape a recession this year, the government said Wednesday, as Europe's biggest economy weathers the fallout from the Ukraine war better than expected.

Industrial powerhouse Germany is forecast to eke out growth of 0.2 per cent in 2023, the economy ministry said in its latest projections.

Back in October, when fears were running high about soaring energy costs in the wake of Russia's war in Ukraine, Berlin was bracing for a contraction of 0.4 per cent in 2023.

The more optimistic outlook comes as massive government intervention has helped keep the lid on energy costs for households and businesses after Russia cut deliveries of natural gas last year.

As well as criss-crossing the globe

to find alternative suppliers, the German government has unveiled a 200-billion euro (\$212-billion) support package to cushion the energy crisis, including a cap on electricity and gas prices.

Mild winter weather and falling wholesale gas prices recently have further bolstered confidence that the expected downturn won't be as painful as initially thought.

"The German economy as a whole has proved resilient," the ministry said in an annual report.

"Consumers have also done their part by making major energy savings." The German economy already defied predictions by dodging a contraction in the final quarter of 2022, official data showed last week.

Over the whole of 2022 output expanded by 1.9 per cent, the data showed, better than analysts had predicted.

Bangladesh a key sourcing destination

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that the British company will source more garment items from Bangladesh.

The local manufacturers are capable to supply any quantity of goods as they have increased their capacities over the years, the minister said.

Previously, some foreign-skilled workforce was employed in the garment sector, but currently local human resources have been developed and they are catering for the sector's needs, he said.

Munshi also said the exporters and the government have been working

to achieve the target of \$100 billion apparel shipment by 2030, up from \$42 billion made in the last fiscal year.

Bangladesh is still capable of supplying garment items at low prices despite stiff global competition, Prime Minister's Adviser Rahman said.

The local garment exporters faced a difficult time because of the cancellation of work orders by some international retailers and brands during the Covid-19 pandemic, he said.

Both Munshi and Rahman demanded fair prices from the international retailers and brands.

Jute sector SMEs to join US trade show

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"This is just the beginning though as we want to see our SMEs participating in trade shows like this worldwide," Rahman added.

He then informed that the SME Foundation will host the international SME Fair this year.

In fiscal 2021-22, Bangladesh's total exports of the jute sacks, bags and other goods amounted to \$224 million. In the first six months of the current fiscal, about \$116 million worth of jute products have been shipped abroad.