

Power Grid sinks into losses

STAR BUSINESS REPORT

The Power Grid Company of Bangladesh, a state-run listed electricity grid management and transmission entity, incurred a loss in the first half of the financial year of 2022-23 in spite of securing higher sales.

It was mainly due to a massive loss incurred for the depreciation of the local currency against foreign ones, said the company.

Its revenue grew 5.5 per cent year-on-year to Tk 1,225 crore during the July-December period.

However, this could not prevent the company from incurring a loss of Tk 281 crore.

It had logged a profit of Tk 196 crore in the same period of the previous year.

The main reason for the loss is that it did not earn more in line with the company's expenses, said its financial report.

Its expenses rose mainly due to losses from foreign exchange, it added.

The company lost Tk 729 crore in the foreign exchange in the first half of the financial year of 2022-23.

In the same period of the previous year, it was a loss of Tk 75 crore.



The jewellery exposition will play a role in enriching the domestic gold jewellery industry and create a new position for Bangladesh in the global market, say organisers.

PHOTO: STAR/FILE

Jewellery expo in Dhaka from Feb 9

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The Bangladesh Jeweller's Association (Bajus) is going to organise a three-day expo from February 9 in hopes of heightening the country's position in the global gold jewellery market and thereby improve the local industry.

During the expo, which will be held for the second time, local gold jewellers will be able to showcase their latest designs before an international audience, organisers said.

The Bajus Fair 2023 will be held at the International Convention City Bashundhara in Dhaka, according to Uttam Banik, chairman of the Bajus standing committee on fair and event management.

He made these comments while speaking at a press briefing on the expo at the Bajus office in Dhaka yesterday.

"We hope the fair will play a role in enriching the domestic gold jewellery industry and create a new position for Bangladesh in the global market," Banik said.

Dewan Aminul Islam Shahin, vice-president of Bajus, said the fair is being organised to promote the gold jewellery industry of Bangladesh at home and abroad.

About 50 jewellery firms will participate in the fair, which will remain open every day from 10:00am to 9:00pm, organisers said. There is no reliable information about the demand for gold in Bangladesh.

The government's gold policy puts the demand at 20 to 40 tonnes per year. According to commerce ministry documents, almost 80 per cent of the demand is met through smuggling while the rest comes from recycled gold.

Bajus said gold worth Tk 73,000 crore is smuggled into the country each year.

IMF explains its latest loan

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Steps were also taken to reprioritise spending to protect the vulnerable. Bangladesh's request for an IMF-supported programme is part of the authorities' measures to cushion its economy from the disruptions caused by these global challenges.

What are the key policy priorities for Bangladesh?

The IMF-supported programme aims to support the government's plans to preserve macroeconomic stability and foster growth. The authorities and IMF staff have worked closely to come up with a programme that is most relevant to the country's economic and development priorities. The authorities laid out the reform agenda and the programme will support their efforts in addressing the longstanding structural issues of mobilising revenue, scaling

up social spending, modernising the monetary policy framework, strengthening the financial sector, and building climate resilience.

How will the programme help the poor and the vulnerable in Bangladesh?

The IMF financing plays the role of a shock absorber by protecting the broader economy, especially the vulnerable populations, from even greater economic disruption than what might otherwise occur.

The programme aims to preserve macroeconomic stability, lay the foundations for further growth, while preventing disruptive adjustments to protect the vulnerable. In fact, the programme focuses on social spending, safety net programmes and protecting the poor in several ways.

First, by raising progressive taxes it aims to increase financing for

spending on healthcare, education and clean water, as well as increase access to electricity, transportation and other infrastructure.

Second, keeping in mind that social spending is a core component of the social contract, the programme also aims to protect and increase social spending by including social spending floors.

Third, expanding well-targeted social spending under the programme will help improve access to basic services and provide economic opportunities for disadvantaged groups.

Why is the IMF asking to cut subsidies that will hurt the poor most?

Not all subsidies are helping the poor and vulnerable. In Bangladesh, where gas and electricity are being subsidised, the rich drive more cars and use more air conditioning.

Rationalisation of untargeted subsidies will free fiscal resources to strengthen social safety nets and increase development spending. In addition, the programme aims to protect and increase social spending by including social spending floors. This will allow expanding well-targeted social spending to protect the poor and vulnerable.

How will the Resilience and Sustainability Facility (RSF) arrangement support Bangladesh's efforts toward strong, inclusive, and green growth?

The RSF arrangement under this programme aims to help manage climate change related macroeconomic risks. Reflecting Bangladesh's large climate financing needs, the IMF-supported programme will expand the fiscal space to finance climate priorities identified in the authorities' plans,

including by catalysing other financing.

Bangladesh is the first country in Asia to receive financing under the RSF.

What is the timeline of the programme? When will the arrangement be disbursed?

The Executive Board of the IMF approved a 42-month extended credit facility (ECF)/ extended fund facility (EEF) arrangement of Special Drawing Rights (SDR) 2.5 billion (equivalent to 231.4 per cent of quota or about \$3.3 billion), and a concurrent RSF arrangement of SDR 1 billion (equivalent to 93.8 per cent of quota or about \$1.4 billion) to support Bangladesh's economic policies.

The SDR is an international reserve asset created by the IMF to supplement the official reserves of its member countries.

The SDR is not a currency. It is a potential claim on the freely usable currencies of IMF members. As such, SDRs can provide a country with liquidity.

A basket of currencies defines the SDR: the US dollar, Euro, Chinese Yuan, Japanese Yen, and the British Pound.

Quotas are the building blocks of the IMF's financial and governance structure. An individual member country's quota broadly reflects its relative position in the world economy. Quotas are denominated in Special Drawing Rights (SDRs), the IMF's unit of account.

The SDR figures for the programme are converted at the market rate of US dollar per SDR on the day of the programme approval. Approval of the ECF/EEF arrangement enables immediate disbursement of SDR 352.35 million or \$476 million.

Small industries up the creek

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Besides, he said investors in this sector do not have the additional financial capacity to survive in situations such as the ongoing crisis.

Razzak then alleged that the government is increasing utility tariffs to reduce the subsidies provided in order to fulfil the conditions set by multilateral lenders, including the International Monetary Fund.

Md Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry, said exporters will lose their competitiveness in the global market while local consumers will also suffer for an increase in the price of products sold.

He fears that the continuous increase of product prices will increase inflation further.

He then stressed the need for cooperation between the government and private sector to find doable solutions to get rid of this challenge for low-income people.

"Small businesses will face severe challenges as they do not have access to finance and lack efficiency," he said, adding that the government should consider giving benefits to help them survive the situation.

Md Shahidullah, secretary general of the Bangladesh Steel Manufacturers Association, said frequent increase of utility prices result in commercial adjustments that automatically increase the price of products.

Ultimately, the pressure falls on consumers while also increasing the cost of development projects under the Annual Development

Programme.

"As we manufacturers will be compelled to adjust our prices in line with the higher cost of production, demand will decrease immediately, which is practical market behaviour," he added.

According to Shahidullah, sales of steel have already dropped by around 20-25 per cent over the last five-six months while mills are running below their production capacity due to the lack of raw materials.

Manufacturers have been compelled to reduce imports of scrap steel as there is a restriction in opening letters of credit for non-essential goods.

Shahidullah then said the government is always the gainer when it comes to an increase in product prices as its tax revenue grows as a result. Selim H Rahman, chairman and managing director of Hatil Furniture, expressed concerns about how they would have to adjust their prices due to the frequent increase of power price.

There is no alternative than to increase the price of products to adjust with the higher production cost, which will be borne by consumers, he added.

Rahman went on to say that investors do not aim to increase product prices as it has a negative impact on consumers behaviour.

Consumers want to purchase quality products at reasonable prices, which is a really tough ask given the current circumstances.

So, the sales volume will decline as customers will postpone purchasing products or search for cheaper alternatives.

"Ultimately, both investors and consumers become losers in this situation," he said.

Debasish Singha, head of export at Danish Biscuit, said the local biscuit industry will lose its competitiveness in the international market as manufacturers cannot ask for higher prices despite the rise in production costs.

"So, the profit margin will fall to 7 per cent from 10 per cent in the international market," he added.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said most local garment exporters procure raw materials from the domestic market and so, any increase in the price of power will affect their overall production cost.

Also, the cost of living will also increase, he added.

Hassan then said the government could have hiked the price of electricity in staggered way so that manufacturers could adjust their costs gradually.

Relaxed rules

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nine months of 2022 in contrast to Tk 584 crore during the same period a year ago.

Default loans at the banks stood at Tk 60,501 crore as of September.

Private banks got back Tk 4,894 crore, an increase of 133 per cent year-on-year. Classified loans at the banks totalled Tk 66,695 crore.

Nine foreign banks realised Tk 97.65 crore in contrast to Tk 88 crore from the collective NPLs of Tk 2,970 crore.

under a most innovative goods producer and seller category.

Munshi said the venue was ready to hold other fairs year-round as it contained all necessary facilities, including car parking.

The Export Promotion Bureau and the commerce ministry have been jointly organising the fair since 1995.

PRIME TEXTILE SPINNING MILLS LIMITED				PRIME TEXTILE SPINNING MILLS LIMITED										
2ND QUARTER STATEMENT OF FINANCIAL POSITION (UN-AUDITED)				STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)										
AS AT DECEMBER 31, 2022				FOR THE 2ND QUARTER ENDED DECEMBER 31, 2022										
Taka in '000'				Taka in '000'										
Particulars	Notes	As at December 31, 2022	As at June 30, 2022	Particulars	Notes	July 1, 2022 to December 31, 2022	July 1, 2021 to December 31, 2021							
ASSETS				October 1, 2022 to December 31, 2022										
Non-Current Assets :				Less: Cost of Sales										
Property, Plant and Equipment	02	2,753,477	2,801,164	Sales Revenue	21	493,854	845,492							
RoU Assets-net	03	10,021	16,035	Less: Cost of Sales	22	477,031	719,430							
Investment in Associates and Others	04	23,864	52,789	Gross Profit		16,823	126,062							
Current Assets :		2,350,923	2,303,437	Less: Operating Expenses :		28,963	35,215							
Investment in Shares	05	1,413	1,388	Administrative Expenses	23	24,071	29,864							
Inventories	06	624,845	688,285	Selling and Distribution Expenses	24	4,892	5,351							
Trade and Other Receivables	07	1,062,031	994,811	Profit from operations		(12,140)	90,847							
Advances, Deposits & Prepayments	08	632,218	592,088	Less: Financial Expenses	25	72,524	75,612							
Cash and Cash Equivalents	09	30,416	26,865	Profit after Financial Expenses		(84,664)	15,235							
TOTAL ASSETS		5,138,285	5,173,425	Add: Non Operating Income	26	263	82							
EQUITY AND LIABILITIES:				Profit before provision for WPPF		(84,401)	15,317							
Share Holders' Equity :		2,803,088	2,851,614	Less: Provision for WPPF		-	729							
Share Capital	10	382,000	382,000	Net Profit before Tax		(84,401)	14,588							
Share Premium Account	11	382,000	382,000	Less: Provision for Tax:		(291)	3,035							
Revaluation Surplus	12	1,702,061	1,716,003	Current Tax		2,162	5,073							
Tax Holiday & Investment Reserve		139,884	139,884	Deferred Tax		(2,453)	(2,038)							
Unrealised Gain (AFS Reserve)		145,488	79,874	Net Profit after Tax		(84,110)	11,553							
Retained Earnings		51,655	151,853	Add: Other Comprehensive Income:										
Non-current Liabilities:		725,620	725,233	Unrealized Gain from Listed securities		26	(177)							
Long Term Loan (Secured)	13	499,906	489,884	Unrealized Gain/(Loss) Accounts Receivables		144,634	-							
Leas : Obligation	14	4,971	9,692	Less: Deferred Tax on unrealized Gain/(Loss)		-	(18)							
Deferred Tax Liability	15	220,743	225,657	Total Comprehensive Income		144,660	(195)							
Current Liabilities :		1,609,577	1,596,578	Basic Earning per Share (Per share value Taka 10/-)	27	(2.20)	0.30							
Short Term Loan (Secured)	16	1,072,939	1,049,332	Number of Ordinary Shares (in thousand) used to Compute EPS		38,200	38,200							
Current portion of Long Term Loan	17	93,391	93,391			38,200	38,200							
Current portion of Lease Liability		9,657	9,657	STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)										
Trade & Other Payable	18	272,172	292,581	FOR THE 2ND QUARTER ENDED DECEMBER 31, 2022										
Provision for Tax Liabilities	19	123,144	120,982	Taka in '000'										
Dividend Payable	20	38,274	30,635	Particulars	Share Capital	Share Premium	Revaluation Surplus	Tax Holiday Reserve	Unrealized Gain (AFS Reserve)	Retained Earnings	Total			
TOTAL EQUITY AND LIABILITIES		5,138,285	5,173,425	1. As at July 1, 2022	382,000	382,000	1,716,003	139,884	79,874	151,853	2,851,614			
Net Asset value per Share (NAVPS)		73.38	74.65	2. Revaluation Surplus	-	-	(16,402)	-	-	16,402	-			
Number of Ordinary Shares(in thousand) used to compute NAVPS		38,200	38,200	trans. to retained earnings	-	-	-	-	-	-	-			
STATEMENT OF CASH FLOWS (UN-AUDITED)				3. Adjustment for Deferred Tax Liability	-	-	2,460	-	-	-	2,460			
FOR THE 2ND QUARTER ENDED DECEMBER 31, 2022				4. Profit Surplus after Tax	-	-	-	-	(84,110)	(84,110)				
Taka in '000'				5. Adjustment of Dividend	-	-	-	-	(7,640)	(7,640)				
Particulars	Notes	July 1, 2022 to December 31, 2022	July 1, 2021 to December 31, 2021	6. Adjustment of unrealized Gain/(Loss)	-	-	-	65,588	-	65,588				
Cash Flows from Operating Activities		(36,382)	20,896	7. Adjustment of Profit/(Loss) on Inv	-	-	-	-	(24,850)	(24,850)				
Collections from Turnover & Others		492,222	865,553	8. Unrealized Gain	-	-	-	26	-	26				
Payment for Cost & Expenses		(453,918)	(764,808)	As at December 31, 2022	382,000	382,000	1,702,061	139,884	145,488	51,655	2,803,088			
Financial Expenses		(72,524)	(75,611)	Number of Ordinary Shares (in thousand) on 31 December,2022 38,200										
Income Tax Paid & Deducted at Source		(2,162)	(4,238)	Net Asset value (NAV) per share on 31 December,2022 73.38										
Cash Flows from Investing Activities		6,303	83	STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)										
Tangible Fixed Asset Acquired		-	-	FOR THE 2ND QUARTER ENDED DECEMBER 31, 2021										
RoU assets increased/(Decreased)		6,012	-	Taka in '000'										
Dividend receipt & Others		263	-	Particulars	Share Capital	Share Premium	Revaluation Surplus	Tax Holiday Reserve	Unrealized Gain (AFS Reserve)	Retained Earnings	Total			
Investment in Share		28	83	1. As at July 1, 2021	382,000	382,000	1,585,248	139,884	973	104,767	2,594,872			
Cash Flows from Financing Activities		33,629	(16,847)	2. Revaluation Surplus	-	-	(17,606)	-	-	17,606	-			
Increase/(Decrease) in Short Term Borrowing		23,608	(28,078)	trans. to retained earnings	-	-	-	-	-	-	-			
Increase/(Decrease) in Long Term Borrowing		10,022	11,364	3. Adjustment for Deferred Tax Liability	-	-	2,641	-	-	-	2,641			
Dividend paid		(1)	(133)	4. Profit Surplus after Tax	-	-	-	-	11,553	11,553				
Interest or exchange rate charge on Loan and Cash Equivalents		-	-	5. Adjustment of Dividend	-	-	-	-	(7,640)	(7,640)				
Net Increase/(Decrease) in Cash and Cash Equivalents		3,550	4,132	6. Unrealized Gain	-	-	-	-	(177)	-	(177)			
Opening Cash and Cash Equivalents		26,865	39,397	As at December 31, 2021	382,000	382,000	1,570,283	139,884	796	126,286	2,601,249			
Closing Cash and Cash Equivalents		30,415	43,529	Number of Ordinary Shares (in thousand) on 31 December,2021 38,200										
Net Operating Cash Flows per Share (NOCFPS)	24	(0.95)	0.55	Net Asset value (NAV) per share on 31 December,2021 68.10										
Number of Ordinary Shares(in thousand) Used to Compute NOCFPS		38,200	38,200											
Note :														
*The accompanying policies and explanatory notes form an integral part of these Financial Statement.														
*The details of the published 2nd Quarter ended December,31, 2022 Un-Audited Financial Statements are available in the website of the company. The address of the web-side is www.primegroup.com.bd														
Fatima Khatoon Chairman				Managing Director										
				Director										
				Company Secretary										
				Chief Financial Officer										