Le Méridien owner gets nod for IPO of Tk 350cr

STAR BUSINESS REPORT

Best Holdings Limited, the owning company of Le Méridien Dhaka, Best Hotels Limited, and Dhamshur Economic Zone, has got the approval to raise Tk 350 crore by issuing ordinary shares through an initial public offering (IPO).

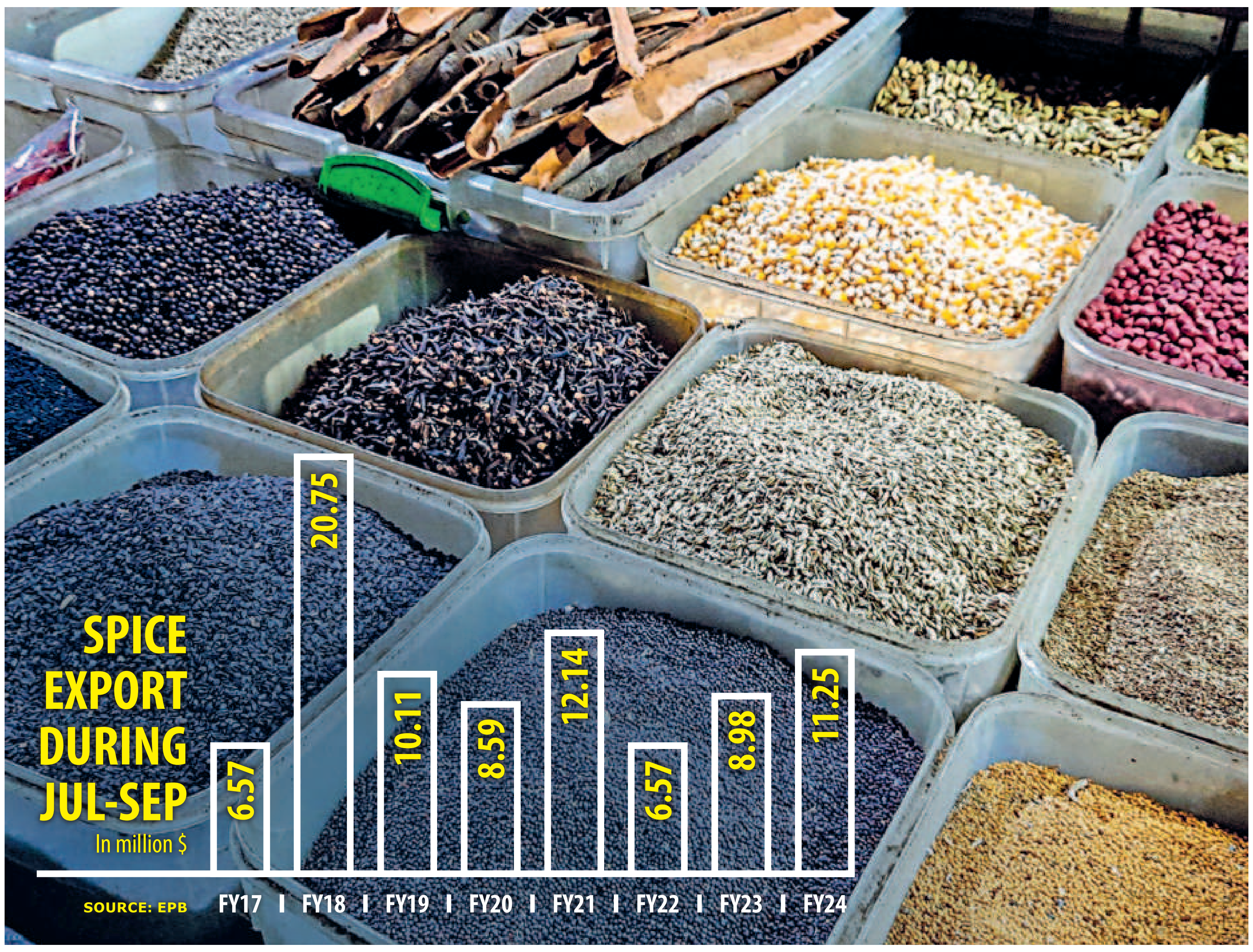
The Bangladesh Securities and Exchange Commission (BSEC) gave the approval in a commission meeting held at its office in the capital yesterday.

With the IPO proceeds, the company will construct a building and implement other civil works, locally purchase machinery and equipment and repay existing liabilities, the BSEC said in a press release.

The BSEC imposed a precondition that the company will not be allowed to announce and disburse any dividend before the listing.

Shanta Equity Ltd and ICB Capital Management is the issue manager.

According to the company's financial reports for the year ending on June 30 of 2023, the net asset value of each share was Tk 56.34 and earnings per share was Tk 1.24. Its five-year weighted average earnings per share was Tk 0.95.



Earnings from spice exports rise 25%

MD ASADUZ ZAMAN

Bangladesh's earnings from spice exports increased 25 percent year-on-year in the first three months of fiscal 2023-24 due to demand from expatriates of Bangladesh and other Asian countries.

Bangladesh earned $11.25 million in the July-September period of the current fiscal year from spice exports, according to Export Promotion Bureau (EPB) data.

Although export earnings have been increasing for the past three years, they still have not hit the heights of the same period in the fiscal year 2020-21. At that time, spice exports brought in $12.14 million, an increase of 41 percent from the previous fiscal year, as per EPB data.

Despite huge potential in the global market and over one crore Bangladeshi expatriates living around the world, the country has so far failed to increase its number of export destinations, according to market players.

Manufacturers said another major factor is the lack of facilities that provide sterilisation of spices through irradiation,

There are three types of spices -- whole, powdered and mixture -- currently being exported from Bangladesh.

The spices most in demand are turmeric (organic base), red dried chilli, sesame (black, white brown and red), coriander seed, black cumin seed, cumin seed (sweet), fenugreek seed and fenugreek leaf.

Major export destinations include Saudi Arabia, Bahrain, Kuwait, Iraq, Oman, Qatar and the United Arab Emirates. The United States, Canada and the European Union also have big markets.

"Bangladeshi spices have huge potential on the global market. But Bangladesh is still unable to meet export demands due to a lack of government support," said Md Parvez Saiful Islam, chief operating officer at Square Food and Beverage Ltd.

"We face challenges in doing the irradiation process to ensure global standards. There is a lack of capacity at the Bangladesh Atomic Energy Commission, hindering the growth potential," he added.

The government should increase irradiation facilities to capitalise on this growing opportunity, he said.

Square Food and Beverage Ltd exports spice products to more than 30 countries regularly.

Kamruzzaman Kamal, director of marketing at Pran-RFL Group, said the market is rising as global demand rebounds in the post-pandemic period.

"Basically, non-residential Asians currently living in the Gulf and western countries are the major consumers of Bangladeshi spices," Kamal said.

"A huge number of non-residential Asians have returned to work in the post-pandemic era. As a result, consumption has increased," he said.

The Pran Group accounts for almost 70 percent of the nation's total spice exports. Other exporters include BD Foods Ltd, Alin Food Products Ltd and ACI Foods Ltd.

Speaking to The Daily Star, Mohammad Jahangir Alam, a professor at the department of agribusiness and marketing at Bangladesh Agricultural University, said the country should at first think about import substitutes for major spice products.

"Every year, Bangladesh has to spend a huge amount to import spices from abroad. We can focus on import substitutes by raising production by setting targets," he said.

According to Bangladesh Bank data, the country spent $417.30 million on spice imports in fiscal year 2022-23. In the same period, Bangladesh exported spices worth $42.38 million.

"Sometimes, the prices of onion and chillies become unstable in the domestic kitchen markets."

As a result, the government has to allow imports in order to drive prices down.

"We cannot think about the production of all spices since we have a scarcity of land," he added. "However, we should focus on the export of selective spice products as we have demand from over one crore non-residential Bangladeshis around the world."

Malek Spinning's subsidiary to invest Tk 157cr

STAR BUSINESS REPORT

Malek Spinning Mills Ltd has approved an investment of around Tk 157 crore by its subsidiary, JM Fabrics Limited (JMFL), to set up facilities, including one for yarn texturising and covering.

Texturising is a process in which loops, crimps or coils are introduced into yarn to change its physical appearance. Covering essentially refers to a core yarn wrapped with another yarn or filament.

The funds will be generated from the JM's internal sources and bank loans, the Malek said in a disclosure on the Dhaka Stock Exchange (DSE) website yesterday.

The Malek, a listed company which owns 99.99 percent of shares of the JM, will not need to provide any funds, it added.

Once the facilities are established, the JM's manufacturing capacity will increase from 5.29 crore rolls to 5.49 crore rolls per annum, according to the disclosure.

This higher production capacity will increase the sales and profitability of the company and there will be higher value addition due to improvement of product quality which will enable the company to sell its products at higher prices, it read.

The Malek's board of directors has also given the JM the authority to use its 52,000 square feet of an unutilised warehouse for scrap on its factory premises in Gazipur at Tk 15 per square feet per month, it said.

The rent is negotiable from time to time, it added.

The boards of directors of both companies have guaranteed abiding by the regular terms and conditions of the trade and declared that no conflict of interest will arise, the disclosure added.

Stocks of the Malek remained the same at Tk 27.10 at the DSE yesterday. Its paid-up capital is Tk 193 crore.

The company has a reserve of Tk 603 crore, according to the DSE data.

Indian inflation seen easing

REUTERS, *Bengaluru*

Indian retail inflation likely eased to 5.50 percent last month, within the Reserve Bank of India's (RBI) tolerance band, on moderating food price rises and government subsidies that offset a surge in the cost of crude oil, a Reuters poll found.

The RBI kept monetary policy unchanged on October 6 for a fourth consecutive meeting and signalled interest rates would remain high until inflation was closer to 4 percent, the midpoint of the central bank's 2-6 percent target range.

Rises in food prices, which make up about half the consumer price index (CPI), continue to cool from recent peaks after the Indian government enacted a series of measures to boost supply.

Inflation, as measured by the annual change in the CPI, was forecast to have fallen to 5.50 percent in September from 6.83 percent in August, according to an October 3-9 Reuters poll of 66 economists.

Opec sees oil demand growth continuing until 2045

AFP, *Paris*

Despite mounting efforts to limit climate change, the Opec oil cartel said Monday it expects demand for crude to continue to grow for the next two decades.

In its 2023 annual report, the Organization of the Petroleum Exporting Countries forecasts demand for crude to reach 116 million barrels per day (mbd) by 2045 under its main scenario, a 16.5 percent increase from the 99.4 mbd in 2022.

That is an increase of 6 mbd from its estimate last year.

Oil demand has "the potential to be even higher", said Opec chief Haitham Al Ghais.

"What is clear is that the world will continue to need more energy in the decades to come," he emphasised in the forward to the report -- which comes just eight weeks before the next UN climate conference, COP28, in Dubai.

At the conference dozens of countries will try to impose the adoption of the objective of an end to the use of fossil fuels like oil, natural gas and coal.

According to Opec, whose 13 member states include Saudi Arabia, the Gulf states and Venezuela, oil demand will be driven by emerging and developing nations, with India in pole position.

Meanwhile, it sees oil demand in the OECD club of advanced economies declining from 2025.

In order to meet this demand Opec says additional investment in fossil fuel production will be needed, putting the figure at $14 trillion by 2045, or roughly $610 billion per year.

IMF raises India's GDP growth forecast

REUTERS, *Mumbai*

India's economic growth forecast for the current fiscal year has been raised to 6.3 percent from 6.1 percent earlier, the International Monetary Fund said in its October 2023 World Economic Outlook (WEO) report that was released on Tuesday.

The global lender expects retail inflation in the South Asian nation to rise to 5.5 percent in 2023/24 before easing to 4.6 percent in 2024/25.

"Growth in India is projected to remain strong, at 6.3 percent in both 2023 and 2024, with an upward revision of 0.2 percentage points for 2023, reflecting stronger-than-expected consumption during April-June," the IMF said.

The Reserve Bank of India has projected consumer price index (CPI)-based inflation for the current fiscal year at 5.4 percent while GDP growth is seen at 6.5 percent.

Monetary policy projections are consistent with achieving the Indian central bank's inflation target over the medium term, the IMF said.

The country's current account deficit is expected to remain at 1.8 percent of GDP in FY24 and FY25, the IMF added.

IMF cut its growth forecasts for China and the euro area and said overall global growth remained low and uneven despite what it called the "remarkable strength" of the US economy.

The IMF left its forecast for global real GDP growth in 2023 unchanged at 3.0 percent in its latest WEO, but cut its 2024 forecast by 0.1 percentage point to 2.9 percent from its July forecast.

Global economy 'limping along'

IMF says, cuts growth forecast for China, euro area

REUTERS

The International Monetary Fund on Tuesday cut its growth forecasts for China and the euro area and said overall global growth remained low and uneven despite what it called the "remarkable strength" of the US economy.

The IMF left its forecast for global real GDP growth in 2023 unchanged at 3.0 percent in its latest World Economic Outlook (WEO), but cut its 2024 forecast by 0.1 percentage point to 2.9 percent from its July forecast. World output grew 3.5 percent in 2022.

IMF chief economist Pierre-Olivier Gourinchas told reporters the global economy continued to recover from the Covid-19 pandemic, Russia's invasion of Ukraine and last year's energy crisis, but growth trends were increasingly divergent across the globe, and prospects for medium-term growth were "mediocre."

Gourinchas said the forecasts generally pointed to a soft landing, but the IMF remained concerned about risks related to the real estate crisis in China, volatile commodity prices, geopolitical fragmentation, and a resurgence in inflation.

A fresh unexpected risk emerged in the form of the Israel-Palestinian conflict just as finance officials from 190 countries gathered in Marrakech for the annual meetings of the International Monetary Fund and World Bank, but came after the IMF's quarterly outlook update was locked down on September 26.

Gourinchas told Reuters it was too early to say how the major escalation in the long-running conflict would affect the global economy: "Depending how the situation might unfold, there are many very different scenarios that we have not even yet started to explore, so we can't make any assessment at this point yet."

Robotic arms assemble cars in the production line for Leapmotor's electric vehicles at a factory in Jinhua, the Zhejiang province of China. PHOTO: REUTERS/FILE

Stronger growth is being throttled by the lingering impact of the pandemic, Russia's war in Ukraine and increasing fragmentation, along with rising interest rates, extreme weather events and shrinking fiscal support, the IMF said. Total global output in 2023 is slated to be 3.4 percent, or roughly $3.6 trillion, below pre-pandemic projections.

"The global economy is showing resilience. It's not knocked out by the big shocks it's experienced in the last two or three years, but it's not doing too great either," Gourinchas told Reuters in an interview. "We see a global economy that is limping along and it's not quite sprinting yet."

The medium-term outlook is no better. The IMF is projecting growth of 3.1 percent in 2028, well below the 4.9 percent five-year forecast it had on the eve of the global financial crisis in 2008-2009.

"You have uncertainty. You

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