

Renata's profits rebound in Q1

STAR BUSINESS REPORT

Profits of Renata Ltd, a major player among listed drug makers in Bangladesh, rebounded in the first quarter of the current fiscal year as the company's revenue growth doubled during the period.

But on a yearly basis, Renata's profits dropped 18 percent to Tk 101 crore in July-September of fiscal 2023-24, as per the company's financial statements that were approved at its recent board meeting.

Renata's profits had been falling ever since the second quarter of fiscal 2022-23, when it dropped to Tk 85 crore before sliding further to Tk 59 crore in the third quarter later that year.

"After a very challenging fiscal 2022-23, our performance has started turning around," said Jubayer Alam, company secretary of Renata.

Renata's overall revenue grew by around 13 percent year-on-year to Tk 944 crore in the first quarter of this fiscal year

Renata's overall revenue grew by around 13 percent year-on-year to Tk 944 crore in the first quarter of the ongoing fiscal while it was lodged at 6.5 percent throughout the previous year.

"We also significantly reduced the amount of credit sales, which is contributing to lower bad debt and allowing our sales force to concentrate on revenue generation instead of collection," he added.

Besides, to mitigate liquidity stress and reduce interest expenses, Renata converted a major portion of its short-term bank loans to long-term debt in June, thereby locking in interest rates for up to a year.

And to allay the risks of changing interest rates, especially considering the current economic climate, Renata plans to raise funds of up to Tk 850 crore by issuing zero-coupon bonds and preference shares.

Also, the company went "cashless" in July so its tax rate will reduce from 22.5 percent to 20 percent this year, generating further shareholder value.

In fiscal 2022-23, Renata's profit declined by 54.6 percent to Tk 232 crore mainly due to several

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The 3.4-kilometre-long Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river is set to be inaugurated by Prime Minister Sheikh Hasina on October 28. Built at a cost of about Tk 10,690 crore, the tunnel makes up what will be the country's first underwater expressway.

PHOTO: RAJIB RAIHAN

Facilitate connectivity to get full benefit of Bangabandhu tunnel

Businesspeople say at CCCI roundtable

STAFF CORRESPONDENT, Chattogram

Businesspeople yesterday urged for improving connectivity between Dhaka and Chattogram on a priority basis in order to get the expected benefits of the Bangabandhu Sheikh Mujibur Rahman Tunnel.

They also proposed that ensuring rapid industrialisation on the southern side of Karnaphuli river and expanding the Dhaka-Chattogram highway into eight lanes should be given utmost importance as well.

In addition, they asked to include a Dhaka-Chattogram elevated expressway project in the next five-year plan to facilitate faster movement of goods between the country's capital and its main port city.

They hope the tunnel under Karnaphuli river will transform Chattogram into a logistics hub by bridging two major economic corridors, namely the Dhaka-Chattogram and Chattogram-Cox's Bazar highways.

These suggestions came at a roundtable, styled "Bangabandhu Tunnel: A leap towards vision 2041", organised by the Chittagong Chamber of Commerce and Industry (CCCI).

CCCI President Omar Hazzaz moderated the event, which was held at the Bangabandhu Conference Hall of the World Trade Centre in the port city's Agrabad area.

Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), was present as chief guest.

Prime Minister Sheikh Hasina is scheduled to inaugurate the 3.4-kilometre-long tunnel on October 28.

However, the country's first underwater expressway built at a cost of about Tk 10,690

crore may not yield the expected benefits unless these proposals are met, according to FBCCI President Alam.

Besides, developing tourism facilities on the southern side of Karnaphuli river and solving the waterlogging issue in Chattogram are two other areas that require focus, he said.

He also said there is no alternative to building an elevated expressway on the Dhaka-Chattogram highway to reduce the time and cost of moving cargo and people along this route.

Businesses hope the tunnel will transform Chattogram into a logistics hub by bridging two major economic corridors

With this backdrop, he urged the government to include the project in the next five-year plan.

Alam said the tunnel would enhance connectivity between the south-eastern region, including Matarbari deep seaport, and other parts of the country as well as the seven sister states of India.

BSRM Chairman Alihussain Akberali stressed on setting up economic zones in southern Chattogram while also providing support for rapidly setting up industries to ensure effective use of the tunnel.

Additionally, he urged for removing the red tape and bottlenecks entrepreneurs face when developing industries inside economic zones.

For example, the BSRM has spent about Tk 180 crore over the past five years to buy 300

acres of land in the Mirsarai Economic zone, but no drainage system or road connectivity has been developed till date.

"Likewise, we applied for 10 acres for an agro-based plant in the BEZA economic zone, but it took three years to get the allotment," Akberali added.

Former CCCI President Ali Ahmed said that back in 1965, it would take five hours to reach Dhaka from Chattogram via railway.

"But road transport still takes an average of six hours even after so many decades, which is discouraging for investors at home and abroad," he added.

Fazlee Shamim Ehsan, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association, proposed developing a dedicated zone in southern Chattogram for small- and medium-sized garment factories.

Ashiq Imran, chairman of the Chattogram chapter of the Institute of Architects Bangladesh, urged for giving top priority to developing connectivity between the Anwara point of Bangabandhu tunnel and Cox's Bazar.

This would allow businesspeople to get the full benefit of the tunnel as well as Matarbari deep sea port, he said, adding that the south side of the river should be developed in a planned way.

REHAB Vice-President Md Abdul Kauaiam Chowdhury emphasised on expanding the Chattogram-Cox's Bazar highway to four or six lanes.

He also opined that the tunnel will not be of much benefit if the Anwara to Cox's Bazar part of the highway is not quickly broadened.

Chowdhury proposed connecting Cox's Bazar highway with the tunnel by establishing an 8-kilometre link road through Chandanaish to reduce the travel time.

CONSUMER BANKING Wealth management is the future

MAMUN RASHID

In an era defined by complex financial markets and ever-evolving investment opportunities, wealth management has emerged as a crucial discipline for individuals and families looking to secure their financial future.

Wealth management is the comprehensive and strategic approach to managing an individual's or family's financial resources to achieve their financial goals and secure their long-term financial well-being.

Wealth management services offer a range of benefits to individuals seeking professional financial guidance. One of the primary advantages is access to seasoned financial experts who can provide personalised advice, tailored to unique financial goals and circumstances. It is not always possible for us to keep track of the various investible assets in the market and which among them is properly suited for us.

Hence, these professionals can assist in making the right investments through diversification, helping spread risk across various asset classes to maximise returns while minimising exposure to individual market fluctuations.

Additionally, wealth managers can assess risk tolerance and craft an investment strategy that aligns with the customer's comfort level. However, this practice extends far beyond investment, encompassing various aspects such as financial planning, tax optimisation, estate planning and risk management, among others.



In a country like Bangladesh, business opportunities relating to wealth management is currently on the rise. As of June 2023, the number of bank accounts in Bangladesh with deposits of more than Tk 1 crore stood at 1,13,554, indicating a growing wealthy population in the country. Such a trend certainly poses a lot of opportunities for financial institutions to cater to the special

needs of customers by offering them with tailor-made services relating to managing their wealth.

Another important point to consider in this matter is the evolving lifestyles of people. As life continues to become busier, it gets difficult for many individuals to give proper attention to personal wealth management. Hence, an institutional-level solution will be extremely valuable in the days to come. Banks and financial institutions need to grab this opportunity as they already have access to a wide range of consumers. They need to design products in wealth management such that a one-stop solution can be enjoyed by customers.

Wealth management is a field where financial institutions can make very good money too. It is just a matter of time for them to realise this gap in the market and come up with forward-looking service offerings. Just the other day, I was talking to a very close friend of mine who lives in Bangladesh with his wife. All his children are studying in North America, and they are more likely to be pursuing a career abroad. For that friend of mine and many others like him, having a trusted organisation who can manage their wealth is very important.

Moreover, wealth managers may also be able to ensure that assets are managed and distributed according to customer's wishes and that wealth is preserved for future generations in their absence.

Without proper management, wealth can quickly dissipate due to inflation, poor investment choices or unforeseen financial crises. Hence wealth management provides a structured framework to mitigate these risks and helps individuals and families protect and grow their assets. The sooner the financial institutions focus more on this aspect of consumer banking, the better it will be for them.

The author is an economic analyst.

Russia makes up 40% of Indian oil imports

REUTERS, New Delhi

The share of Russian oil in India's overall imports rose to about two-fifths in the first half of fiscal 2023/24, consolidating Moscow's position as the top supplier as refiners curbed purchase from the Middle East, industry data showed.

India, the world's third largest oil importer and consumer, has emerged as the top buyer of the discounted Russian seaborne oil after Western nations stopped buying from Moscow following its invasion of Ukraine.

Middle Eastern supplies are also likely to tighten further following Saudi Arabia's decision to extend its voluntary output cuts through the end of this year, prompting India to consider other options.

India imported on average 1.76 million barrels per day (bpd) of Russian oil from April to September, or the first half of fiscal 2023/2024, more than double the about 780,000 bpd in the same year-ago period, tanker data from industry sources showed.

Last month, India's imports from Russia, which had slipped in July and August, recovered to 1.54 million bpd, up 11.8 percent from August and 71.7 percent from a year ago, the data showed.

Russia was the top oil supplier to India in April to September, followed by Iraq and Saudi Arabia.

India's imports from Iraq and Saudi Arabia fell by 12 percent and about 23 percent to 928,000 bpd and 607,500 bpd, respectively, during the April-September period, the data showed.

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Geopolitical tensions could hit global economy: Fed

AFP, Washington

The US Federal Reserve warned Friday that the recent attack on Israel and the ongoing Ukraine conflict could cause harm to the world economy and boost global inflation.

Israel has been conducting extensive air strikes on the Gaza Strip since October 7, when more than 1,400 people, mostly civilians, were killed by Hamas militants during an armed attack on the south of the country.

Israel's retaliatory bombing campaign has left more than 4,100 people dead, many of them also civilians, according to the Hamas-run health authorities in Gaza.

Ongoing exchanges of fire with Hezbollah militants along Israel's northern border with Lebanon have raised fears that the conflict could spread to other countries in the region.

"The attack on Israel, in conjunction with Russia's ongoing war against Ukraine, has ratcheted up geopolitical tensions," the Fed said in its semi-annual report on financial stability.



A vendor speaks on a mobile phone as he waits for customers at a fruit stall in Mumbai. Escalation of conflicts in the Middle East or a worsening in other geopolitical tensions could reduce economic activity and boost inflation worldwide, the Federal Reserve said.

PHOTO: AFP

"Escalation of these conflicts or a worsening in other geopolitical tensions could reduce economic activity and boost inflation worldwide," it added.

In its report, the Fed also said that policy interventions earlier this year in light of the rapid collapse of Silicon Valley Bank (SVB) had "played a key role in mitigating the stresses in the banking system that emerged in March."

SVB failed following a bank run by investors concerned by its exposure to interest rate risk in light of the Fed's aggressive campaign of rate hikes.

A number of other US banks collapsed in the turmoil that followed, which also led to the merger, under pressure, of the Swiss banking giant Credit Suisse with regional rival UBS.

"Since March, volatility has abated and deposit outflows have largely stabilized," for affected banks, the Fed said.

"But these banks nonetheless continued to face challenges navigating changes in depositor behavior, higher funding costs, and reduced market values for investment securities," it added.