Ifad Autos incurs loss

STAR BUSINESS REPORT

Ifad Autos Ltd, one of the leading automobile companies in Bangladesh, reported a loss of Tk 15 crore in the financial year of 2022-23.

As a result, its earnings per share (EPS) slipped to Tk 0.58 in negative from Tk 1.56 in 2021-22.

The company said the major reason for the decrease in the EPS was losses incurred from the fluctuations in the foreign currency exchange rate and higher inflation.

Sales decreased more than 4 percent due to a decline in demand for commercial vehicles.

Ifad Autos is not the lone company that incurred losses in the last financial year.

Runner Automobiles, another listed automobile company, suffered a loss of around Tk 88 crore in FY23.

Ifad's net operating cash flow per share stood at Tk 2.76 in negative in the last financial year against Tk 4.59 in positive in FY22.

The decline was attributed to foreign currency exchange-related losses resulting from payments to suppliers against the import of CBU (completely built up)/CKD (completely knocked down) raw materials and the decrease of cash receipts from customers, according to its financial statements.

Farmers plant aubergine in Burul Beel area in Bogura sadar upazila. Planted from October to mid-November, the vegetable is harvested from late November to mid-April. According to the Bangladesh Bureau of Statistics, around 4.09 lakh tonnes were produced from around 84,536 acres of land during the winter of fiscal year 2021-22. The photo was taken around a week ago.

PHOTO: MOSTAFA SHABUJ

Garment makers owe spinners more than $376m

BTMA says in a letter to Bangladesh Bank, FBCCI

REFAYET ULLAH MIRDHA

In a letter to Bangladesh Bank and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the Bangladesh Textile Mills Association (BTMA) yesterday said garment exporters owe more than $376 million to its members.

The BTMA sent the letter in response to a query by the country's apex trade body regarding the repatriation of export proceeds.

Upon a suggestion by Bangladesh Bank, the FBCCI formed a body to monitor the repatriation process on October 14. It also sought the opinions of different trade bodies as to why export proceeds are not being paid out on time.

In the letter, the BTMA said 15 of its members supplied yarn worth $375.77 million to 307 export-oriented garment factories but are yet to receive payment.

Similarly, four weaving mills are owed $1.08 million for supplying fabrics to 12 apparel exporters.

Monsoor Ahmed, chief executive officer of the BTMA, said they have already established a cell to monitor for delays in payments to millers and spinners.

However, the monitoring cell is yet to take effective measures even though many

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garment exporters are not honouring their primary agreements, or proforma invoice (PI), when purchasing yarn and fabrics.

The PI is a primary agreement made between buyers and sellers before the delivery of goods.

Besides, the delayed payments to textile millers is making it harder for them to repay loans from the central bank's Export Development Fund, leading to more pressure on the country's foreign currency reserve, he added.

The garment makers' failure to honour this agreement indicates they are again depending on imported yarn as the narrow price gap with local varieties means they can make up for high input costs by delivering better quality products.

Similarly, the lack of work orders means manufacturers now have more time to fulfil shipments, doing away with the need to buy from local spinners to ensure shorter lead-times.

As such, yarn stockpiling is again taking place at the mills as many garment makers are not collecting their orders despite having previously agreed upon a PI.

The trend started from July this year, when work orders from abroad were showing an upward trend as inflationary pressure was easing in the western world along with the rebound of their economies.

But as the work orders were coming in aplenty, yarn prices shot up in the local market.

Finance company bill placed in parliament

STAFF CORRESPONDENT

The Finance Companies Bill, 2023 was placed in parliament yesterday aiming to curtail the practice of people defaulting on loans from non-bank financial institutions (NBFIs) in the country.

Law Minister Anisul Huq, in absence of Finance Minister AHM Mustafa Kamal, placed the bill which was sent to the parliamentary standing committee on the finance ministry.

The parliamentary watchdog was asked to submit its report before the House within three working days.

The bill will be replacing an existing law formulated in 1993.

According to the bill, a person can be termed as a wilful defaulter for three reasons, one which is if the person does not repay the loan on time despite having the ability.

The same can be said to refer to a person who uses the loan for reasons other than that cited and if the documents submitted for the loan are later identified to be fake.

If the money is not paid within two months of the end of the loan tenure, a criminal case can be filed against the wilful defaulter. The defaulter will not be able to go abroad and that person's trade license will be cancelled.

There was no directive in the existing law regarding interest waiver.

The bill says full interest can never be waived, cost of funds must be recovered and any partial waiver will require Bangladesh Bank's permission.

In some cases, fines have been increased.

Under the existing law, NBFIs have to pay a fine of Tk 10 lakh if they provide loans in violation of rules. It has been amended and increased to a maximum of Tk 50 lakh.

According to the bill, no person or any of that person's family members can directly or indirectly purchase more than 15 percent of the shares of a financial institution either individually or jointly.

Any excess share must be transferred within

FICCI reschedules 60-year celebration event to Nov 19

STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce and Industry (FICCI) has rescheduled the date of its event for "FICCI 60 Years Celebration & Investment Expo 2023".

As per the new date, the two-day event will begin on November 19 this year, which was previously scheduled to start on November 8, the chamber said in a press release today.

FICCI President Naser Ezaz Bijoy said Prime Minister Sheikh Hasina agreed to inaugurate the event as the chief guest.

Now the chamber rescheduled the date for the prime minister, as the premier is likely to visit Jeddah to attend the three-day International Conference on Women in Islam, which will begin on November 6.

The prime minister has given her consent to inaugurate the programme on November 19, the FICCI president said.

'Energy cooperation with EU is pointless'

REUTERS

Russia's former President, Dmitry Medevedev, was quoted as saying on Sunday that cooperation with Europe in energy matters was frozen or pointless as European countries had fallen on hard times and had poor growth prospects.

"Europe has castrated itself in bloody fashion and without anaesthesia by walking away from energy cooperation with our country," Russian news agencies quoted Medvedev, now Deputy Secretary of the Security Council, as saying on social media.

Chevron's third-quarter profit slumps

REUTERS, *Houston*

Chevron on Friday posted a third-quarter profit that missed Wall Street estimates by a wide margin, and its shares fell more than 5 percent.

Oil company earnings have slumped from record year-ago levels as crude prices eased and higher costs crimped refining and chemical profits.

Shares were down 5.4 percent at $145.71 in afternoon trading.

"It was a noisy quarter with non-cash charges due primarily to something we called timing effects," Chief Financial Officer Pierre Breber said in an interview, citing oil and gas cargoes en route to customers that would be recognised in the future.

The company earned $6.5 billion, down from $11.2 billion in the same period last year. Adjusted profit was $3.05 a share, 19 percent below analysts' estimates, according to LSEG data.

The earnings miss came after Chevron had warned in the second quarter that maintenance in its oil and gas production and refining businesses would hurt results.

It also suffered a setback in its more than $45 billion Kazakhstan project, resulting in a six-month delay and should now reach 1 million barrels of oil equivalent per day (boed) in 2025.

Commissioning setbacks in adapting an infrastructure that dates to the Soviet era will add about 4 percent in costs and a six-month delay in expanding production at its Tengizchevroil (TCO) operation, which Breber called, "clearly disappointing news."

The field conversion from high to low pressure is now set to start in the first half of 2024, and the future growth project in the first half of 2025, followed by a three month ramp-up.

Fall in jobless rate

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"The rise in industrial employment is still lower than in the second quarter of 2023. But since it happened in manufacturing, that is good," he said.

Both the number of unemployed people and the rate of unemployment declined between the third quarter of 2022 and 2023.

However, Islam opined that the definition and measure of unemployment that was used did not reflect the real situation of the labour market in Bangladesh.

"The reported fall in unemployment would be good news if it reflected the real situation of the labour market," he said. "However, in countries like Bangladesh this is not the case."

He added that the absence of unemployment benefits meant people, especially poorer people, had little alternative to working -- even if it is just something to eke out a living somehow.

"A large number of the employed people in the country fall into that category. So, a slight fall or rise in this category is not of much significance," he said.

"The decline in unemployment has also been accompanied by a rise in the number outside the labour force. Is that due to a lack of jobs discouraging working age people from looking for jobs? Or are more people going into education?"

He added that the number of unemployed women has not fallen and that the unemployment rate among women had increased slightly.

The unemployment rate among women stood at 3.26 percent, up from 3.24 percent year-on-year.

He added that labour force participation rate fell in the case of women whereas it rose for men.

The reasons for this divergence need to be investigated and appropriate policies undertaken, he said.

"This is a trend that has been observed for some time. It's important to seriously look into this issue -- both in research and policy-making."

Bankers, directors to be kept out

FROM PAGE B1

All of their products must comply with Shariah compliances and banks will be asked to submit reports about their Islamic banking activities to the central bank every two months.

Md Main Uddin, a former chairman of the Department of Banking and Insurance at the University of Dhaka, said the central bank will have to ensure that Islamic banks follow rules.

"It is a regulatory violation if Islamic banks don't have people who are expert in Islamic laws. And if an Islamic bank does not follow Shariah compliance, it is just like cheating customers."

He suggested the central bank resolve Shariah boards or committees if they are not formed in line with the guidelines.

There are 10 full-fledged Islamic banks in the country: Islami Bank Bangladesh, Social Islami Bank, Al-Arafah Islami Bank, Exim Bank, Shahjalal Islami Bank, First Security Islami Bank, Union Bank, Standard Bank, Global Islami Bank, and ICB Islamic Bank.

Besides, there are 23 Islamic banking branches of 11 conventional banks and 588 Islamic banking windows of 14 conventional banks, central bank figures showed.

In terms of deposit mobilisation, Islamic banks hold 25.37 percent share of the banking sector. In terms of investments, their stake is 29.18 percent.

Onion prices jump

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for onions is met through imports from India.

Data of the state-run Trading Corporation of Bangladesh shows that imported onions sold at Tk 85 to Tk 90 per kg yesterday, up 12.5 percent from a week earlier and 29.63 percent a month ago.

Likewise, local onions are currently retailing at Tk 100 to Tk 108 per kg, an increase of about 8 percent from last week and 26.06 percent month-on-month.

But while visiting kitchen markets in the country, it was found that imported onions are retailing at Tk 100 per kg while the price was Tk 85 on Saturday.

Local onions are being sold at Tk 110 to Tk 120 compared to Tk 90 to Tk 100 previously.

The country produced about 34 lakh tonnes of onion this year but another 6-7 lakh tonnes need to be imported as much of the crop is wasted due to a lack of storage facilities, according to the agriculture ministry.

Traders in Pabna said each maund (37 kilogrammes) of local onions is selling for Tk 4,200 to Tk 4,500 at the wholesale level while the price was Tk 3,400 to Tk 3,600 last week.

"As the onion price is rapidly rising, I only bought a small amount today [Sunday]," said Milon Hossain, an onion trader in Pabna, one of the largest growers of onions in the country.

Mohammad Nannu, a major retailer in Pabna, said he sold each kg of onion for Tk 90 to Tk 100 until Friday but is now selling it for Tk 120 to Tk 130.

In Chattogram, many wholesalers are refusing to sell Indian onions following the overnight price hike as they hope to get even higher prices later on.

The retail price of Indian onions in the port city rose 50 percent to Tk 105-120 on Saturday from Tk 70-Tk 80.

Omar Farook, an onion importer based in Chattogram, said India has increased the onion export price in order to keep its domestic supply stable. Considering that aspect, attempts were made to import onions from other countries.

"However, we failed due to various complications in opening letters of credit. As a result, the normal import of onion has been disrupted."

Daffodil Computers

FROM PAGE B1

Based in Dubai, Daffodil Global will serve as a strategic outpost for enhancing the company's brand visibility through participation in international events and direct communication with global buyers.

While the investment will primarily focus on setting up this new entity, Daffodil's Bangladesh office will continue to oversee core operational tasks such as communication, business setup services and software development.

In essence, Daffodil Global will specialise in business communication and the sales aspects of their software and services, it added.

The investment aims to cater for the growing IT industry in the Middle East and position the company as a global IT solutions provider.

As funding for this initiative has been approved by Bangladesh Bank, the necessary arrangements for fund transfers have been made in accordance with all applicable regulations and guidelines.

The Dubai branch will contribute to revenue diversification and enhance Daffodil Computers' competitiveness in the global IT market, the company said.

Stocks of Daffodil Computers closed 1.21 percent higher to Tk 92.10 on the DSE yesterday.

Foreign loan commitments surge

FROM PAGE B1

A lower disbursement of foreign assistance is a perennial problem for Bangladesh, driven by the country's failure to implement projects on time and meet conditions attached with loans by lenders.

The lower release of funds has prompted the government to order ministries to accelerate the use of loans with a view to giving a much-needed fillip to the foreign exchange reserves, which have halved in a span of two years.

The unused foreign assistance stood at $48 billion in July.

Among the multilateral and bilateral lenders, the Asian Development Bank committed $790 million in July-September. The World Bank offered to lend $300 million, Japan committed $1 billion, and others pledged $287.15 million.

In the quarter, the ADB disbursed $225.60 million, the WB $218.89 million, Japan $427.80 million, India $74.53 million, China $23.85 million, Russia $210.92 million, the Asian Infrastructure Investment Bank $5.57 million, and other lenders $85.56 million.

ERD figures showed the government repaid debts of $870.46 million in the first quarter of FY24. This consisted of $492 million in principal and $378.46 million in interest.

The repayment is up 65 percent from the $525.61 million serviced in the identical quarter of FY23.

In FY23, debt servicing repayment rose 32 percent to $2.67 billion, which included $928 million in interest payments.

The country's outstanding foreign debt stood at $95.71 billion in March, according to the central bank. Of the sum, the public sector owes $73.53 billion to their foreign lenders that also includes $61.89 billion in government debt.