



Sugarcane being transported by wholesalers in Atghar Bazar of Pirojpur's Nesarabad upazila. Primarily cultivated for its sweet juice, the perennial grass was bought from local farmers for Tk 3,500 to Tk 4,000 per 100 stalks. The wholesalers plan to fetch nearly double that selling each stalk for Tk 50 to Tk 70. The photo was taken recently.

National Bank's loss triples

STAR BUSINESS REPORT

The loss of National Bank, a listed private commercial bank, tripled in the first nine months of 2023 because of a higher amount of classified loans.

In the January-September period this year, the bank made a loss of Tk 1,123 crore, up from last year's Tk 357 crore loss.

The bank incurred a loss of around Tk 500 crore in the last three months to September this year, up from Tk 183 crore loss in the same period last year.

The bank's losses rose due to liquidity crunch in market for inflation in world economy as well as in Bangladesh and borrowers' failure to repay loan instalments in time, it said in a disclosure posted on the Dhaka Stock Exchange website yesterday.

Interest on such loans and advance could not be added to income and at the same time profitability and earnings per share decreased significantly, it added.

The bank's EPS was Tk 1.55 in the negative in the third quarter of 2023, which was Tk 0.57 in the negative in the same quarter of 2022.

The price of each share of National Bank was Tk 8.30 yesterday.

IT exports rise but fail to live up to expectations

MAHMUDUL HASAN

IT exports from Bangladesh rose marginally in July but it failed to live up to expectations as the sector continues to underperform compared to its peers in the rapidly expanding technology market around the world.

According to the Export Promotion Bureau, earnings of domestic IT firms from the external source rose 3.37 percent year-on-year to \$45.65 million in the first month of the current fiscal year.

Revenues generated from the shipments of IT-enabled services (ITESs), which include tasks such as graphics designing, image editing and business process outsourcing, increased 8.03 percent to \$40.43 million in July.

Receipts from software exports inched up 1.99 percent to \$3.58 million.

The shipment of computer consultancy services fell 43.97 percent to \$1.72 million while installation, maintenance and repair of computer and peripheral equipment services witnessed a decline of 63.64 percent to \$0.12 million.

As a result, the export proceeds fell short of the strategic export target set by the government for the month by 12.63 percent.

IT exports from Bangladesh slipped for the first time in five years in the last fiscal year, an ominous sign for



the government's export diversification efforts as the country is failing to produce big IT firms. Earnings declined 7.42 percent to \$548.10 million in 2022-23.

The drop could deal a blow to Bangladesh's target of raising the shipment of IT and digital products and devices to \$5 billion by 2025.

"The companies around the world have cut their expenses on technologies due to the global economic slowdown. This has affected orders," said Raisul Kabir, chief executive officer of software company Brain Station 23.

"However, some new local IT firms have emerged in recent times and they are performing brilliantly, enabling Bangladesh to maintain growth in the export market in recent months."

Rashad Kabir, managing director of Dream71 Bangladesh Ltd, says it is a positive sign that the export in IT and ITES has gained momentum.

"Due to higher global inflation, tech companies in the US and Europe have cut jobs and have gone for offshore development. This has created a good opportunity for Bangladeshi IT companies to grab work orders."

Besides, he said, Bangladeshi

companies have started exporting software to some untapped markets in Africa and the Asia-Pacific.

"This contributed to the export volume in July."

A director of the Bangladesh Association of Software and Information Services, Rashad thinks rather than focusing only on conventional technologies, Bangladeshi tech companies should focus on advanced technologies such as artificial intelligence, blockchain, big data and robotic process automation.

"There is a lot of demand worldwide for these technologies, and if our IT companies can focus on these areas, they might get an early mover advantage."

Countries such as Kenya, Nigeria, Ghana, Ethiopia, Bhutan, and Cameroon are taking initiatives to digitalise their government services that could offer more opportunities for over 100 companies in Bangladesh that have specialisation in the area.

"Our IT companies can have a closer look at the opportunities," he said.

Revenue in the global IT services market is projected to reach \$1,241 billion in 2023, according to global data service provider Statista. IT service outsourcing dominates the market with a projected volume of \$460 billion.

India's ITES exports stand at more than \$200 billion and Pakistan's \$2.5 billion.

Berger Paints posts higher profit despite sales drop

STAR BUSINESS REPORT

Berger Paints Bangladesh Ltd, one of the largest paint makers in the country, said its profit grew in the first half of the current financial year even though overall sales dropped.

The revenue of the multinational company dropped 1.2 percent to Tk 1,219 crore in the April-September period from a year ago, according to its financial statements.

It cut its raw materials cost by 3.5 percent during the period which boosted its gross profit, Berger said.

The cost of sales, which includes the cost of raw materials, stood at Tk 833 crore, which was 68 percent of total sales in the first two quarters, down from 70 percent of total revenue in the same period the previous year.

The paint maker said its net finance income almost doubled year-on-year to Tk 7.34 crore.

The company also posted higher income thanks to profit of its associates.

Berger posted 5.5 percent higher earnings to Tk 144.13 crore in April-September, up from Tk 136.49 crore the previous year, thanks to reduced cost of raw materials and higher net finance income.

Thus, the earnings per share (EPS) rose to Tk 31.08 from Tk 29.43.

The company also reported an increase in profits in the July-September quarter.

JMI Syringes suffers Tk 15cr loss

STAR BUSINESS REPORT

JMI Syringes & Medical Devices Ltd incurred a loss of Tk 14.99 crore in the financial year that ended on June 30 owing to a higher cost of production.

The medical device manufacturer made a profit of Tk 10.07 crore in 2021-22.

Therefore, the company reported a negative earnings per share of Tk 4.99 for FY23, way lower than a positive Tk 3.35 in FY22.

The EPS decreased due to an appreciation of the US dollar against the taka, the war between Ukraine and Russia, the increase in raw materials, packaging materials, utility prices and other related overheads as well as the adjustment of some advance income tax, said JMI Syringes in a filing on the Dhaka Stock Exchange.

The net asset value per share slipped to Tk 86.37 in the last financial year from Tk 91.36 a year earlier because of losses from operations as well as adjustment of advance income tax.

The net operating cash flow per share jumped to Tk 2.19 from Tk 1.36 on the back of a fall in accounts receivables and higher collection from sales proceeds.

The board of JMI Syringes recommended a 10 percent cash dividend for FY23.

Shares of the company closed unchanged at Tk 255.50 on the DSE yesterday.

Oil price rises

REUTERS, London

Oil prices edged up on Tuesday after a 3 percent fall in the previous session but were pinned below \$90 a barrel after weak Chinese economic data offset concern about an escalation of the conflict in the Middle East.

December Brent crude futures, were 91 cents, or 1.04 percent, higher at \$88.36 a barrel by 1040 GMT ahead of their expiry later on Tuesday.

The more heavily traded January contract climbed 83 cents, or 0.96 percent, to \$87.18. US West Texas Intermediate crude rose 82 cents, or 1 percent, to \$83.13.

Wheat crop damage spurs buying spree

REUTERS, Singapore/Beijing

China is set to import record volumes of wheat this year, trading sources say, with rain damage to its crop and worries over dry weather in exporting nations fuelling Beijing's appetite to buy while prices are low.

Traders said China's frantic buying is likely to support global prices, which have dropped more than a quarter this year - based on the Chicago futures benchmark price - amid abundant supplies from top exporter Russia.

The world's biggest wheat producer and consumer, China bought around two million metric tons of new-crop Australian wheat in October, for shipments starting in December, trading sources told Reuters. It has also booked about 2.5 million metric tons of French wheat since September, for December-March shipment, they said, noting these were unusually large volumes for this time of year.

Overall, China's 2023 imports are likely to reach around 12 million tons, two Singapore-based traders said, topping 2022's record 9.96 million tons, and the avid buying is expected to continue into 2024.

"China has had problems with crop quality this year and Australia, which is the main wheat supplier to China, is going to have a much smaller crop," said one of the Singapore traders, who is at an international company which sells wheat to China.

"They are buying as much as they can and as early as possible. Supplies are going to eventually tighten, especially from Australia," the trader said.

China has said its wheat crop shrank 0.9 percent this year to 134.5 million tons, the first decline in seven years despite expanded acreage, after heavy rain battered

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A tractor sprays pesticides on wheat crops in Arapongas, Brazil. Traders said China's frantic buying is likely to support global wheat prices, which have dropped more than a quarter this year.

PHOTO: REUTERS/FILE

China factory activity falls back into decline

AFP, Beijing

China's factory activity fell back into contraction in October, official data showed Tuesday, despite Beijing announcing a raft of policies aimed at shoring up the creaking economy.

The official manufacturing purchasing managers' index - a key measure of factory output - stood at 49.5 in October, below the 50-point mark separating expansion from contraction, the National Bureau of Statistics said.

The reading came after the index edged up to 50.2 in September, having shrunk for five consecutive months.

"In October... the prosperity of the manufacturing sector somewhat returned to decline," the NBS said.

The world's number two economy has charted an uncertain recovery from the Covid-19 pandemic as weak consumption and a slow-motion housing crisis weigh on growth.

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