Monno Ceramic's Q1 profit jumps 18-fold

STAR BUSINESS REPORT

Monno Ceramic Industries Ltd registered a 1,760 percent year-on-year profit growth to Tk 2.79 crore in the first quarter of the financial year 2023-24.

The company clocked a profit of Tk 15 lakh in the identical July-September quarter of 2022-23, it said in a disclosure on the Dhaka Stock Exchange yesterday.

Therefore, Monno Ceramic Industries reported consolidated earnings per share of Tk 0.74 for July-September in FY24 against Tk 0.04 in the same quarter of FY23.

"The EPS increased thanks to the reduction of the operational expenses and adjustment of deferred tax," said the filing.

The net asset value per share rose to Tk 81.04 on September 30 this year from Tk 80.29 on June 30 last year.

The net operating cash flow per share fell to Tk 0.23 in July-September from Tk 0.56 in FY23 because of the reduction in cash collections from customers and others, the filing added.

Monno Ceramic Industries shares closed 4.91 percent lower at Tk 110.40 on the DSE yesterday.

Deshbandhu units merging with owner

STAR BUSINESS REPORT

Deshbandhu Sugar Mills Ltd, Deshbandhu Food & Beverage Ltd, and Deshbandhu Packaging Ltd are going to be merged with their owner Deshbandhu Polymer Ltd.

In a meeting on December 7, the board of directors of the company took the decision.

The merger scheme will be carried out through the acquisition of shares under a capital restructuring scheme, according to a filing on the Dhaka Stock Exchange (DSE).

The board also raised Deshbandhu Polymer's authorised capital from Tk 300 crore to Tk 1,100 crore.

The authorised share capital – the number of stock units that a company can issue – will be divided into 110 crore shares of Tk 10 each, the filing said.

Shares of Deshbandhu Polymer rose 2.51 percent to Tk 35 on the premier bourse of Bangladesh yesterday.

Fruit traders pack oranges into crates for sale after buying them from an orchard in Haribhanga of Lalmonirhat sadar upazila. Sold at a wholesale price of about Tk 100 per kilogramme, retail prices of locally grown varieties of the fruit currently range from Tk 130 to Tk 150 per kilogramme.

PHOTO: S DILIP ROY

Orange growers see better earnings as stronger dollar cuts imports

S DILIP ROY

Orange and malta growers in Bangladesh are enjoying higher prices for their produce as the ongoing US dollar crunch has reduced the availability of imported alternatives, according to industry people.

Enamul Haque, an orange and malta farmer in Haribhanga of Lalmonirhat sadar upazila, said he is now selling the fruits for about Tk 100 per kilogramme (kg) while they were priced at Tk 70-80 previously.

The forex crunch has led to restrictions on opening letters of credit for non-essential items while also pushing up import costs through devaluation of the local currency.

"So, the demand for locally grown oranges and malta has risen as importers are buying less foreign fruit," he added.

Haque's eight-acre farm houses about 2,800 malta and orange trees that each provide an average yield of around 40 kgs.

And although he spends as much as Tk 42 lakh on cultivation, including labour costs, Haque gets an annual return of more than Tk 1 crore from his produce.

"I also grow ginger to make extra profit," he said, adding that other farmers encouraged by his success would come to consult him on orange and malta cultivation.

Shamim Ahmed Khan, a fruit importer based at the Burimari land port in Patgram upazila, said they were importing 60 percent less fruit compared to last year.

This is because importers are not able to order shipments as per their demand amid shortages of the greenback. So, the prices of imported fruit have risen in local markets amid lower supply.

"As such, the demand for comparatively cheaper local oranges and malta has increased," Khan added.

Oranges and malta have been cultivated across Lalmonirhat, Kurigram, Gaibandha, Rangpur and Nilphamari for the past 5-6 years, with local varieties only differing in size compared to imported ones.

Because importers are not able to order shipments as per their demand amid shortages of the greenback, prices of imported fruit have risen in local markets due to lower supply

Across those five districts, there are 108 orange and malta orchards on about 400 acres of land, according to sources at the Department of Agricultural Extension (DAE) in Rangpur.

Collectively producing about 4,500 tonnes of these fruits each year, the farmers keep a profit margin of about 60 percent after expenses, such as labour, fertiliser, pesticides and other inputs.

Arshadul Islam, a fruit trader based in Lalmonirhat town, said he has been retailing oranges and malta purchased from local orchards for about Tk 140-150 per kg.

He also informed there is huge demand for local oranges and malta considering their comparatively lower price, but imports are necessary in face of inadequate domestic supply.

"I am selling 200-250 kgs of local oranges and malta every day," he added.

Sunil Chandra Saha, a wholesale fruit trader based in Rangpur city, said he makes a profit of about Tk 7 from each kg of malta or orange sold to retailers, who then profit as much as Tk 35 per kg of the fruit.

Ashraful Islam, a fruit retailer of the same area, said he buys local oranges and malta for between Tk 130 and Tk 150 per kg while imported varieties cost Tk 250 to Tk 300.

"So, we could make more profit if we were able to buy the fruits at a cheaper price through increased local cultivation," he added.

Hamidur Rahman, deputy director of the Lalmonirhat DAE, said that orange and malta cultivation is increasing day by day thanks to growing interest among farmers.

However, many farmers ultimately lose their interest due to the significant investment required.

"But the soil and climate conditions in our region are suitable for orange and malta cultivation. So, farmers would get their expected returns if they just took proper care of their trees," he added.

Aftab Hossain, director of the Rangpur DAE, said orange and malta cultivation was unheard of in the region some 8 to 10 years ago.

Initially, cultivation of the two citrus fruits took off when some people started planting two to four trees in their homesteads and started getting yields.

Seeing their success, others were inspired to produce orange and malta commercially.

"Nowadays, many farmers are successfully producing oranges and malta. So, commercially, cultivation will only increase in the future," he added.

What is the right price of a dollar?

MAMUN RASHID

A question I often encounter these days is: "What is the right price for the dollar and more importantly where the dollar price may go?" With an apprehension of the dollar price going further up, whoever can afford is reportedly buying cash dollars and keeping them at home.

In a welcome move, the central bank recently came up with a circular, saying people can bring cash in foreign currencies while returning from abroad, deposit them in resident foreign currency deposit accounts, non-resident foreign currency deposit accounts, and other foreign currency accounts with local banks and banks would pay an attractive return.

Though the central bank in the past goofed up by arbitrarily debiting 50 percent of the export retention quota balance, I think the latest decision may help bring back some trust into the system.

Of course, we need the central bank and the market operators to come up with the right price for the dollar. No matter who thinks what, the market should decide the dollar rate. Even if the price goes up significantly once left to the market, history and other emerging market experiences tell us the market will eventually align with the right level.

Some banks in Bangladesh reportedly are paying Tk 120-125 per dollar to remitters abroad. This is in violation of the maximum rate of Tk 116 per dollar set for inward remittance by the Bangladesh Foreign Exchange Dealer's Association (BAFEDA) and the Association of Bankers, Bangladesh (ABB), based on an unofficial directive of the Bangladesh Bank.

While this trend has increased the remittance earnings for some banks in the interim, we are apprehensive of its potential repercussions in the long run. Some effects are already visible.

A few state-owned banks were saying since they were unable to defy the BAFEDA-ABB rate like some of their private sector counterparts, the banks have been losing out on foreign exchange earnings.

Such violations occurring in less than two months after the central bank fined 10 banks for manipulating the dollar exchange rate is saddening. Ironically some portals also reported that the central bank, though may be aware, is shy of taking action against banks offering higher rates.

However, I don't think banks can solely be blamed for this situation. Even with the official rates, the outflow of foreign exchange clearly surpasses the inflow. Unofficially, banks have to buy dollars from exporters and remitters at higher rates, as the head of treasury of a private bank was quoted by a daily. I am sure many would echo him.

This is certainly not sustainable as banks stand to incur significant losses. The responsibility to check this, one would loudly say, lies with the regulators. This situation has once again brought to light their failure to make pragmatic decisions to maintain discipline in the banking sector.

Right now, the central bank should ensure that all banks operate under its ambit. To this end, it must revise regulations in line with the market trend. A realistic adjustment of the exchange rates, as experts have been recommending for long, would serve banks, traders and all other stakeholders.

The recent experience of Sri Lanka, India and Indonesia has revalidated the popular belief that the foreign currency rate should be based on the demand and supply architecture of the market. All stakeholders can and should only make sure there are enough measures to ensure liquidity. Any haphazard way of decision-making and going back and forth could only push us back and send a wrong message to the investment community.

The author is an economic analyst

Nearly two years into war, is Russia's economy out of the woods?

AFP, *Paris*

As he prepares to run for re-election in 2024, is President Vladimir Putin right to claim the worst is over for the Russian economy?

Nearly two years after Moscow's invasion of Ukraine, the Russian economy has demonstrated surprising resilience in the face of an unprecedented avalanche of Western sanctions.

But economists say Russia's wartime economy may be showing signs of overheating, while Western leaders are hoping the sanctions will finally bite.

A French diplomatic source expressed hope that the economic penalties would start to be felt in late 2024 or early 2025.

Sanctions "are like a small puncture in a tire. It's not immediate, but it works," another European diplomatic source told AFP.

"It's a marathon, not a sprint," said Agathe Demarais, an analyst at the European Council on Foreign Relations.

She said the goal of the penalties was not to trigger the collapse of the world's ninth-largest economy, which could have provoked a global crisis, nor to bring about regime change.

"Their aim is to limit the capabilities of the Russian war machine," said Demarais.

The EU has imposed 11 rounds of sanctions on Russia since its all-out invasion of Ukraine in February 2022,

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A general view shows the port in Vladivostok, Russia on September 5, 2022.

PHOTO: REUTERS/FILE

Chinese exports to see Q4 resurgence

ANN/CHINA DAILY

China is likely to achieve its annual goals for ensuring the stability and enhancing the quality of foreign trade, with positive factors continuing to take effect in the fourth quarter, government officials and analysts said on Thursday.

Despite facing challenges like shrinking external demand, geopolitical impacts and difficult transformations by domestic manufacturers, they said that the diversification and decentralisation of China's export markets have contributed to the stability of foreign trade. Moreover, the robust growth of technology-intensive green products, coupled with a rapid recovery in electronic product exports, has become apparent.

China's foreign trade

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