

Envoy Textiles posted 35% lower profit in FY23

STAR BUSINESS REPORT

Envoy Textiles Limited reported a 34.78 percent year-on-year decline in profit to Tk 32.71 crore in the last financial year.

The profit stood at Tk 50.15 crore in 2021-22.

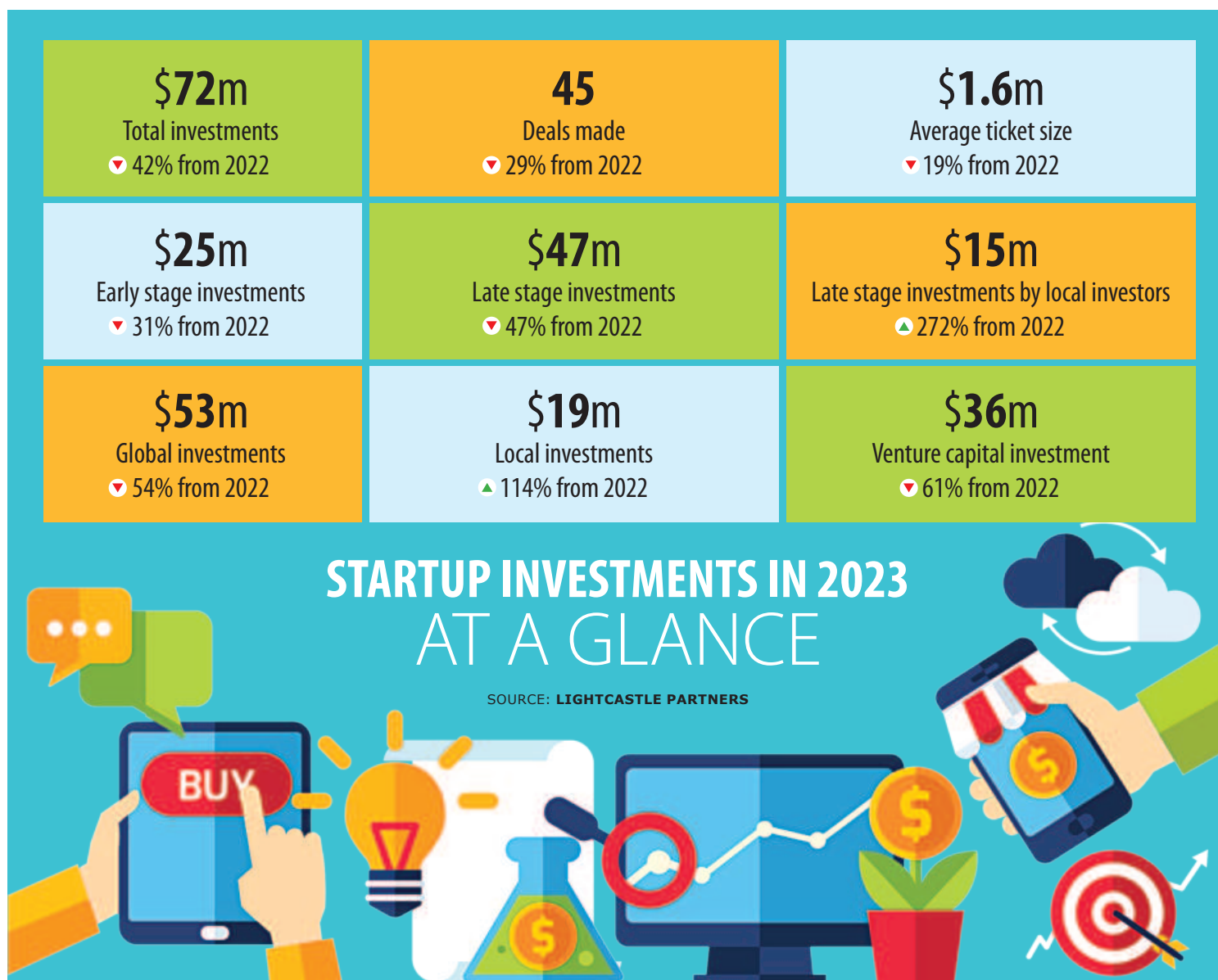
Thus, the company reported earnings per share of Tk 1.95 for the year that ended on June 30 against Tk 2.99 a year earlier.

The net asset value per share slipped to Tk 38.57 from Tk 38.21 while the net operating cash flow per share surged to Tk 6.99 from Tk 3.43.

The board of directors has recommended a 15 percent cash dividend for 2022-23, according to a filing on the Dhaka Stock Exchange.

Envoy Textiles also published the un-audited financial statements for the second quarter of the current financial year.

It showed that the company made a profit of Tk 13.42 crore in October-December of 2023-24, up from Tk 9.89 crore a year earlier.



Extend occupational safety to informal sector: ILO

STAR BUSINESS REPORT

Bangladesh has made progress in improving occupational safety and health (OSH) in the readymade garment sector, but there are challenges in extending the framework in other sectors like the informal economy, said the International Labour Organization (ILO).

In Bangladesh, OSH is primarily regulated by the Bangladesh Labour Act. The government also developed a National Occupational Safety and Health Policy 2013, and the Domestic Workers Protection and Welfare Policy 2015 to promote health, safety, and dignity in the world of work.

While there are provisions for protection of workers against violence and harassment, still the emphasis is more on workplace safety.

"Bangladesh can leverage and expand the scope of its OSH frameworks to also address violence and harassment at the workplace," said Tuomo Poutiainen, ILO's country director for Bangladesh, in a report titled "Practical guidance and tools to prevent and address violence and harassment in the world of work: An OSH perspective."

The report highlighted whether the general duty of care for workers' health provided for by OSH legislation is sufficient to prevent violence and harassment.

It lauds the Supreme Court of Bangladesh's critical role in the prevention and elimination of sexual harassment, resulting in changes in the labour law.

In 2009, the High Court Division of the apex court issued directives in the form of guidelines on sexual harassment for all workplaces and educational institutions in both public and private sectors.

The report is jointly funded by the European Commission and the ILO.

Startups defied economic downturn in 2023: study

ZARIF FAIAZ

The startup ecosystem in Bangladesh showcased a notable degree of resilience and adaptability in 2023, when economic uncertainty stemming from geopolitical tensions spread worldwide.

In essence, domestic business activities were significantly impacted last year due to the long-reaching implications of the Russia-Ukraine war, rising global inflation and economic strain.

But at the same time, the country's startup sector witnessed pivotal shifts in the realms of investment and strategic planning.

Economic background and global context

The global scenario for startup funding had seen a substantial downturn in 2023, with investments falling 38 percent year-on-year to \$285 billion, as per the Bangladesh Startup Investment Report 2023.

The study was conducted by Lightcastle Partners, a local research and business consultancy.

Despite the country's relatively swift recovery from the Covid-19 pandemic, it faced amplified structural challenges due to the ongoing Russia-Ukraine war.

This included a sharp rise in inflation, sluggish growth in exports, remittance bottlenecks and a significant depreciation of the local currency against the US dollar.

Furthermore, the depletion of foreign exchange reserves and the imposition of stringent import restrictions added to the economic pressures.

However, the startup ecosystem in

Bangladesh managed to navigate this turbulent environment with some success.

Investment trends in Bangladesh's startup ecosystem

As per the report by Lightcastle Partners, local startups managed to raise \$72 million across 45 deals, marking a 42 percent decrease in funding compared to the previous year.

The year commenced with a robust first quarter, witnessing the highest funding at \$37 million.

The global scenario for startup funding had seen a substantial downturn in 2023, with investments falling 38 percent year-on-year to \$285 billion

However, the investment landscape fluctuated throughout the year before seeing considerable quarter-on-quarter growth in the October-December period to reach \$22 million.

Venture capital firms were central to these investments, contributing 50 percent of the total startup investments.

A key development was the entry of local conglomerates in the startup arena, as exemplified by BSRM's \$2.2 million investment in Sheba.

This indicates an increasing interest from traditional business sectors in the startup domain.

Sectoral performance and top startups

The report highlighted that the financial services, garments and education

sectors were at the forefront in 2023, securing \$49 million across 14 deals.

And despite the overall downturn, sectors such as healthcare saw considerable hikes in investment, reflecting maturity and resilience in the face of funding challenges.

Notable startups, including ShopUp, Nitex, 10 Minute School, Arogga and Jatri, collectively secured \$53 million, highlighting the attractiveness and potential of local startups to investors.

Government initiatives and local investor confidence

The government's commitment to fostering the startup ecosystem was apparent through initiatives like the Fund of Funds and Startup Summit.

The increasing involvement of local investors suggests a rising confidence in the resilience and potential of domestic startups.

This local support is vital in an environment where global investor sentiment remains cautious due to wider economic uncertainties.

Prospects and strategic focus for 2024

As the ecosystem looks towards 2024, expectations lean towards a gradual recovery.

The focus is likely to remain on strategic resilience, with startups emphasising on unit economics, effective burn rate management, and thorough risk assessments.

Also, collaborative efforts from both within the local investment community and backed by government support are anticipated to be crucial in maintaining the ecosystem's growth trajectory.

Govt starts paying arrears of power companies Issues special bond to finance disbursements

STAR BUSINESS REPORT

The government yesterday started paying the arrears of private power companies in Bangladesh by selling special bonds to the banks owed.

So far, the government has sold special bonds worth Tk 2,079 crore to City Bank and Pubali Bank.

Sources at the finance ministry said they plan to sell around Tk 13,000 crore worth of the special bonds in order to finance the deferred payments owed banks by private power companies.

Officials said the move has already helped a number of power producers, including Summit Power, Confidence Group and Baraka Power, clear their payments.

City Bank purchased Tk 1,964 crore worth of the bonds while Pubali Bank bought Tk 775 crore worth.

Earlier, the government decided to issue Tk 26,000 crore worth of special bonds to clear the combined arrears of power plants and fertiliser suppliers.

Fertiliser importers owe about Tk 12,000 crore, payments for which began last week.

The government is issuing the debt instrument to repay loans availed by power producers and fertiliser suppliers from 40 banks.

The arrears grew as fuel and fertiliser prices rose in the global market over the past one-and-a-half years, increasing subsidy requirements of the power and agriculture ministries in the process.

DSE key index sheds 50 points

STAR BUSINESS REPORT

The key index of Bangladesh's stock market dropped nearly 50 points yesterday and the turnover also followed suit as major companies from pharmaceuticals and engineering sectors experienced massive falls.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), fell 49 points, or 0.79 percent, to 6,226.

The DSES Index, comprising Shariah-based companies, was down 11 points, or 0.81 percent, to 1,372 while the blue-chip index, DS30, slipped 0.88 percent to 2,139.

Beacon Pharmaceuticals was the main dragger of the index losing 8 points alone followed by Bangladesh Submarine Cables 4 points and LafargeHolcim Bangladesh 2.5 points.

Turnover, an important indicator of the market, fell to Tk 1,173 crore, which was Tk 1,176 crore the previous day.

Of the securities that traded on the premier bourse of Bangladesh, 61 issues advanced, 305 declined and 30 remained unchanged.

Pharmaceuticals sector made the highest contribution to the turnover with the trading of Tk 159 crore shares followed by engineering sector that contributed Tk 142 crore.

Banking sector also contributed Tk 110 crore in the day's turnover.

Among all the sectors, fuel and power stocks experienced the sharpest fall of 4.8 percent followed by engineering 4.7 percent and pharmaceuticals 0.46 percent.

The trend was different in the Chittagong Stock Exchange.

The CASPI, the broad index of the port city bourse, fell 1.91 percent, or 347 points, to 17,811.

Sikder Insurance debuted by posting a 10 percent gain.

Meanwhile, IFIC Bank rose 8.33 percent, Aftab Automobiles increased 7.6 percent, Khan Brothers PP Woven Bag 7.48 percent and Information Services 7.05 percent.

HR Textile posted the steepest fall of 9.96 percent while Bangladesh Submarine Cables and KDS Accessories lost 9.95 percent each.

IPDC Finance dropped 9.94 percent and GSP Finance 9.91 percent.

Oil demand in Asia, Africa boosted by cheap Russian crude

REUTERS, Littleton

Asia and Africa have replaced Europe as the top destinations for Russian crude oil exports since Moscow was slapped with European sanctions on sales of energy products following its invasion of Ukraine in February 2022.

Prior to the sanctions in mid-2022, Europe accounted for more than 60 percent of Russia's oil exports and provided Moscow with a lucrative income stream for oil that was supplied cheaply to major European consumption hubs by pipeline.

To make up for the lost European volumes, Russian exporters were forced to slash oil prices since 2022 to grow business in far-flung markets, and divert record volumes of crude previously transported by pipeline onto tanker vessels.

The main Russian crude oil grade, Urals, has traded at a discount of more than \$20 a barrel to Dated Brent crude - Europe's main cash oil benchmark - since mid-2022, versus an average discount of less than \$2 a barrel in 2021, LSEG data shows.

That aggressive discounting in turn resulted in steep jumps in Russian oil purchases by Asia and Africa, and record high overall crude imports by both continents in 2023, ship tracking data from Kpler shows.

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India to remain fastest growing economy this year: poll

REUTERS, Bengaluru

India will remain the fastest-growing major economy this year and next, boosted by continued strong government spending, according to a Reuters poll of economists who also said inflation was unlikely to surge again.

The world's most populous country performed better than expected in the first two quarters of this fiscal year to end-March, as the government steps up already-strong spending to bolster growth momentum running into a national election due in May.

Much of Prime Minister Narendra Modi's government spending in recent years has gone into building infrastructure. Private investment and job creation have lagged, suggesting New Delhi will continue to play an outsized role in India's economic growth.

The January 10-23 Reuters poll of 54 economists predicted the economy will grow 6.9 percent this fiscal year, a small upgrade from 6.7 percent in a December poll. It was then forecast to expand 6.3 percent next fiscal year, the same as in the previous poll.

While inflation rose to the fastest

pace in four months in December to 5.69 percent, driven by pressures from food prices, economists expect that to fade soon.

"We expect inflation to subside quite drastically in the short run, catching up to the downside with already-subdued

core inflation," said Miguel Chanco, chief emerging Asia economist at Pantheon Macroeconomics.

"At the same time, though, these trends also reflect an enduring sluggishness taking hold in the



A labourer works at the construction site of a new high rise building in Mumbai. Much of Prime Minister Narendra Modi's government spending in recent years has gone into building infrastructure, while private investment and job creation have lagged.

PHOTO: AFP/FILE

economy, particularly with regards to private consumption, the most important aspect of growth."

The survey showed consumer price inflation averaging 5.4 percent and 4.7 percent this fiscal year and next, with a majority of economists, 23 of 32, of the view the risk of a significant resurgence over the coming six months was low.

Consumer spending, which makes up 60 percent of Asia's third largest economy, has slowed. But a strong majority of economists, 25 of 28, said employment will improve in the next six months.

Still, with job growth not matching the overall economic growth rate or the pace of millions of young people joining the workforce every year, the dip in consumption will likely take a toll.

"While the Indian economy is on a strong momentum...there are signs of a moderation on account of a weakness in private consumption demand," said Suman Chowdhury, chief economist at Acuite Ratings and Research.

"But this will depend on the measures taken by the government to generate more employment and enhance the disposable incomes of a larger section of the population."