

Padma Oil's profit drops 18%, Meghna sees 8.6% rise

STAR BUSINESS REPORT

State-owned Padma Oil's profit fell 18 percent year-on-year in the three months to December last year while another such oil marketer Meghna Petroleum registered an 8.6 percent growth in profit in the same period.

However, both of them achieved a year-on-year jump in profits in the July-December period of 2023-24 fiscal year, for which the two subsidiaries of Bangladesh Petroleum Corporation gave credit to a rise in their non-operating income.

Padma made Tk 71.6 crore profit in the October-December period of the current fiscal year, down from Tk 87.62 crore in the same period previous year, according to the company's unaudited financial statement.

Its earnings per share (EPS) hit Tk 7.29 in the second quarter of 2023-24 financial year, down from Tk 8.92 in the same period previous year, it said in a disclosure on the website of the Dhaka Stock Exchange yesterday.

But in the six months to December of 2023, Padma's profit rose 2.4 percent year-on-year to Tk 162.3 crore.

In 2023's first half, the company's EPS hit Tk 16.53, up from Tk 16.13 in the same a-year-ago period when its net operating cash flow per share (NOCFPS) also rose to Tk 73.84 negative, from Tk 101.80 negative.



Farmhand Masud Halder is seen using a motorised manual plough to prepare a field for planting Boro paddy seedlings in Pangsha village under Babuganj upazila of Barishal. Halder earns about Tk 1,000 by doing this work from 8:00am until 5:00pm each day. The photo was taken recently.

PHOTO: TITU DAS

Purchasing Managers' Index to be introduced

STAR BUSINESS REPORT

Two private organisations in Bangladesh have taken the initiative to regularly compile a Purchasing Managers' Index (PMI) and thereby help gauge the country's economic situation.

The Metropolitan Chamber of Commerce and Industry and Policy Exchange of Bangladesh are set to announce the joint initiative on February 5.

Their efforts will be supported by the UK's Foreign, Commonwealth and Development Office.

Data for the PMI will be derived from monthly surveys conducted on more than 500 private sector enterprises in key economic sectors, including agriculture, construction, manufacturing and services.

The PMI is used in most advanced and developing economies, according to the two organisations.

This is because the index gives an early indication on turning points in the business cycle and helps closely monitor changes in major economic variables, such as gross domestic product and inflation.

In essence, the PMI summarises whether market conditions are expanding, staying the same or contracting as viewed by purchasing managers.

The index is measured within a range of 0 to 100, with a PMI of more than 50 representing expansion compared to the previous month while a reading of under 50 represents contraction.

Meanwhile, a PMI of 50 indicates that there was no month-on-month change in the selected market.

The surveys will have five areas of focus that are weighed equally, namely the volume of new orders, inventory levels, production, supplier deliveries and employment.

As such, the PMI datasets can be utilised by government policymakers, financial institutions, corporates, investors, traders and analysts.

Solar to be cheapest option for Bangladesh by next year: experts

ASIFUR RAHMAN

While the world is moving towards renewable energy as it is much more environmentally-friendly than fossil fuel-based power plants and requires no additional fuel costs, Bangladesh is moving at a snail's pace in this regard, said two researchers of BloombergNEF.

They said the amount of investment required for gas-based power plants is cheaper in Bangladesh at present, but added that solar plants would be the cheapest option by next year. By 2030, solar plants with battery storage -- which provides solar power for a longer period -- will be the cheapest option.

In October last year, BloombergNEF published a study, titled "Bangladesh Power Sector at the Crossroads", where they calculated the levelised cost of electricity (LCOE) compared to required investment.

The study said the installation of a combined cycle gas turbine power plant costs investors \$95 per megawatt hour (MWh) on average, while coal-based plants cost \$126 per MWh, and solar plants cost \$113 per MWh. If additional batteries are required for solar plants, the cost increases to \$213 per MWh.

By 2025, the cost of combined cycle gas turbine power plants will increase to \$96 per MWh and coal-based plants to \$122 per MWh. At the same time, the cost for solar plants will fall to \$70 per MWh while those with batteries will cost \$141 per MWh.

By 2030, solar plants with battery storage will become a significantly cheaper option, standing at a cost of \$87 per MWh on average.

Two researchers of the study, Ali Izadi-Najafabadi and Isshu Kikuma, are visiting Bangladesh, and held a gathering with journalists on January 27 at a city hotel.



Ali Izadi-Najafabadi

During a brief presentation, the energy think-tank's researchers said investment in energy transition technologies have been increasing over the last two decades, crossing the \$1 trillion mark in 2022. The investments are mostly in solar, followed by transportation electrification.

They added that the cost of solar, wind, and battery technologies have also significantly declined.

Bangladesh relies on fossil-



Isshu Kikuma

fuel based power plants for 97 percent of its power generation and has plans to install an additional 4.5GW coal and 5.2GW gas-based plants over the next three years.

Starting in 2030, it is considering co-firing ammonia with coal and blending hydrogen with natural gas to reduce carbon emissions. To achieve any tangible emissions reduction, an existing coal power plant would have to be retrofitted to be capable of

co-firing ammonia with coal at energy ratios above 50 percent.

"At such high ratios, however, costs would be far higher than solar plus batteries or wind plus batteries," the researchers said.

According to them, the key barrier to not expanding into solar energy in Bangladesh is its "system".

"Our prediction and analysis are based on the investment cost. This is not the price of electricity. The price will depend on how you [the government] deal with the investors to give their return in the next 15 to 20 years," said Ali Izadi, the head of the Asia Pacific of BloombergNEF.

He added: "In Bangladesh, the government might give higher interests to investors to attract investment. Mostly, the power purchase agreements were signed in a bilateral way, which was not competitive. To get a better deal, you must go for an open tender process."

STOCKS	
DSEX ▲	CASPI ▼
0.29%	0.12%
6,097.22	17,264.89

COMMODITIES	
Gold ▲	Oil ▼
\$2,029.33	\$77.78
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.82%	▲ 0.77%	▼ 0.61%	▼ 0.92%
71,989.25	36,026.94	3,140.31	2,883.36



PHOTO: MUTUAL TRUST BANK

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, and Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance, shake hands and exchange signed documents of an agreement on bancassurance at the bank's corporate head office in Gulshan recently.

MTB to sell Guardian Life's insurance products

STAR BUSINESS DESK

Mutual Trust Bank (MTB) recently signed an agreement on bancassurance with Guardian Life Insurance, enabling the bank to sell the insurer's products.

Bancassurance is a partnership between a bank and an insurance company whereby the bank sells insurance products through its distribution channels.

Syed Mahbubur Rahman, managing director and CEO of the bank, and Sheikh Rakibul Karim, chief executive officer of the insurer, inked the deal at the bank's corporate head office in Gulshan, said a press release.

Md Shafquat Hossain, deputy managing director and head of

retail banking, Md Bakhteyar Hossain, deputy managing director and chief operating officer, Md Shamsul Islam, deputy managing director and head of treasury, Usman Rashed Mueyen, deputy managing director and head of credit risk management, and Abdul Mannan, head of branch banking division, were present.

Among others, Mahmudur Rahman Khan, head of retail business of the insurer, M Saud Imran, chief operating officer, and Ahmed Istiaque Mahmud, head of bancassurance, Majedur Rashid Chowdhury, head of finance and accounts, and Tahsinur Rahim, head of internal audit and compliance, were also present.

BB's funds to banks

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He also said providing funds against bonds or any other government securities is also a form of printing money and this will further fuel inflation.

While unveiling the new monetary policy for January-June, Governor Abdur Rouf Talukder said the central bank withdrew a hefty amount of money from the banking sector by supplying US dollars. The central bank is now injecting the money into the market since banks are facing a liquidity crisis.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, thinks the impact is the same.

"Complications have been created because of providing funds against special bonds," he said, sarcastically adding that the BB could give the fund directly to the government instead of using the tool.

Banks are allowed to encash the fund against the bonds which will fuel inflation, he said.

Ashikur Rahman, who teaches economics at North South University, said the banking regulator said it has adopted a contractionary monetary policy and hiked the repo rate. On the

other hand, it is printing money for the troubled banks.

"This is a contradictory move," he said, adding that when high-powered money is injected into the economy, it fuels inflation.

He added: "When Tk 22,000 crore is injected, it creates an impact of Tk 1 lakh crore in the market due to the money multiplier effect."

Rahman recommended stopping printing money for the troubled banks and restoring governance in the banking sector.

Oil price rises

AFP, Hong Kong

Oil rose Monday on fresh Middle East fears as President Joe Biden pledged to retaliate after blaming Iran-backed rebels for a deadly attack on US troops, while equities were boosted by China's latest move to support its troubled markets.

The drone strike on a base in Jordan -- which came days after Yemen's Huthi group struck a vessel in the Red Sea -- ramped up tensions in the region and stoked worries about supplies through the key trade waterway.

Textile millers demand

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government can supply \$1 lakh worth of gas to textile millers, they are able to export goods worth \$40 lakh.

Many international retailers and brands are also concerned about whether local millers can supply goods timely given that mills cannot run at full capacity.

If garments are made from imported fabrics and exported, the value addition amounts to 25 percent. If local fabrics are used, the percentage varies between 55 to 60 percent. However, if any shipment faces discount for any reason, 25 percent of the value addition is lost.

In 2023, no new capital machinery was imported while fresh investment in the sector was almost dry. However, there were significant imports of capital machinery in 2021 and 2022.

Currently, of the total orders in the textile sector, around 35 percent are for recycled yarn. But in Bangladesh some 15 billion kilograms of

cotton waste is ruined, which is why the BTMA is working to utilise the resource.

Local spinning mills are producing 4,000 million kilogrammes of yarn a year and 20,000 textile mills are producing 9 billion metres of fabrics a year, Khokon said.

Khokon also spoke about the 18th edition of the Dhaka International Textile and Garment Machinery Exhibition, which is going to take place in the capital from February 1-4.

He said they were holding the exhibition as they are installing machineries that consumes less gas and electricity, such as hydrogen-run mills.

The Bangladesh Textile Mills Association (BTMA), Chan Chao International Company Ltd, and Yorkers Trade & Marketing Services Co Ltd are jointly organising the exhibition.

The five-day event will take place at the International Convention City Bashundhara in Dhaka.

Bangladesh's power

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In the second quarter spanning July to September, Adani Power's revenue climbed 61 percent to 12,155 crore rupees thanks to the 2,034 crore rupees contributed by the Godda plant.

In the first quarter, Godda plant added of 1,468 crore rupees to the revenue.

Apart from the addition of the Godda plant, higher volumes were also contributed by the Mundra, Udipi, Raipur and Mahan plants, Sawa said.

"A reduction in the prices of imported coal helped us improve the offtake of power from Mundra and Udipi plants. Adani Power's merchant capacity enjoyed a strong logistic cost advantage for being located close to the main coal belts of India."

"This allows us to gain the maximum benefit from the current surge in power demand."

The electricity from Godda to Bangladesh is coming through a dedicated transmission line of about 106km up to the Indian border.

The commercial operation began on April 4 last year. In the next three months to June 30, it produced 159.8 crore units of electricity (kilowatt-hour). The per unit cost was Tk 14.02.

Bangabandhu Shilpa Nagar

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Selim Raihan, executive director of the South Asian Network on Economic Modeling, stressed ensuring smooth utility supplies in line with site development to speed up the actualisation of investment proposals.

Additionally, he urged for reducing bureaucratic tangles, such as delays in releasing goods from customs, to ensure smooth port services for the rapid growth of local and foreign investment.

Besides, Raihan, also a professor of economics at the University of Dhaka, underscored the need for investors to be more cooperative with regulatory bodies instead of creating barriers between them.

Midland Bank holds annual business budget strategy summit

STAR BUSINESS DESK

Midland Bank recently organised its "Annual Business Budget Strategy Summit 2024" at the bank's head office in the capital's Gulshan.

Md Ahsan-uz Zaman, managing director and CEO of the bank, inaugurated the event as chief guest, the bank said in a press release.

Zaman urged all to ensure excellence in service and help clients meet their financial goals, while remaining compliant with regulatory guidelines, maintaining asset quality, ensuring recovery

of non-performing loans, and delivering on shareholders' return.

Javed Tarek Khan, head of institutional banking, moderated the event, where Md Zahid Hossain, deputy managing director of the bank, was also present.

Md Ahsan Jamil Hossain, head of SME division, and Nazmul Ahsan, head of treasury division, along with all unit heads and relationship managers of the institutional banking division, senior management team, and divisional heads of the bank were also present.



PHOTO: MIDLAND BANK

Md Ahsan-uz Zaman, managing director and CEO of Midland Bank, poses for photographs with participants of the "Annual Business Budget Strategy Summit 2024" at the bank's head office in Gulshan, Dhaka recently.