Marico's sales growth hits 7-year low

STAR BUSINESS REPORT

Sales grew for Indian consumer goods company Marico Bangladesh in fiscal year (FY) 2023-24, which ended on March 31 this year.

However, it represented the slowest pace of growth in seven years.

Sales increased 2.7 percent year-on-year to Tk 1,452 crore in FY24 compared to 8.44 percent in the preceding year.

An official of Marico Bangladesh confirmed the matter, reasoning that some customers might have opted for other brands.

The sales growth had not been impacted to such an extent even during the pandemic.

Marico, whose highest selling product is Parachute brand coconut oil, recorded sales growth of 15.20 percent, 15.4 percent, and 11.7 percent in the previous three years of FY22, FY21 and FY20 respectively.

The sales growth was above 12.2 percent and 13 percent in the years before that.

On the other hand, high inflation is also having an impact on the company as it is not dealing with items which are basic commodities, the official added.

In the past year, inflation in the country stayed above 9 percent.

Musficul Haider, company secretary of Marico, said sales slowed due to the "current situation", without clarifying further.

Although the company's sales growth slowed, its profit grew 18.8 percent year-on-year to Tk 460 crore in FY24.

In the preceding year, it stood at 9 percent.

Thus, Marico Bangladesh, which manufactures almost all products locally, logged earnings per share (EPS) of Tk 146.23 in FY24 compared to Tk 122.93 in the preceding fiscal year.

Its net asset value per share stood at Tk 260 at the end of last fiscal year, compared to Tk 113 at the end of the preceding fiscal year.

Marico's board declared a cash dividend of 200 percent for FY24, the lowest since 2015.

Its net operating cash flow per share increased to Tk 195.25 in FY24 from Tk 171.23 in the preceding fiscal year.

The Mumbai-based company, which sells beauty and wellness products, started operations in Bangladesh in 2000 with its flagship brand "Parachute" coconut oil.

It made its debut on the Dhaka and Chittagong stock exchanges in 2009.

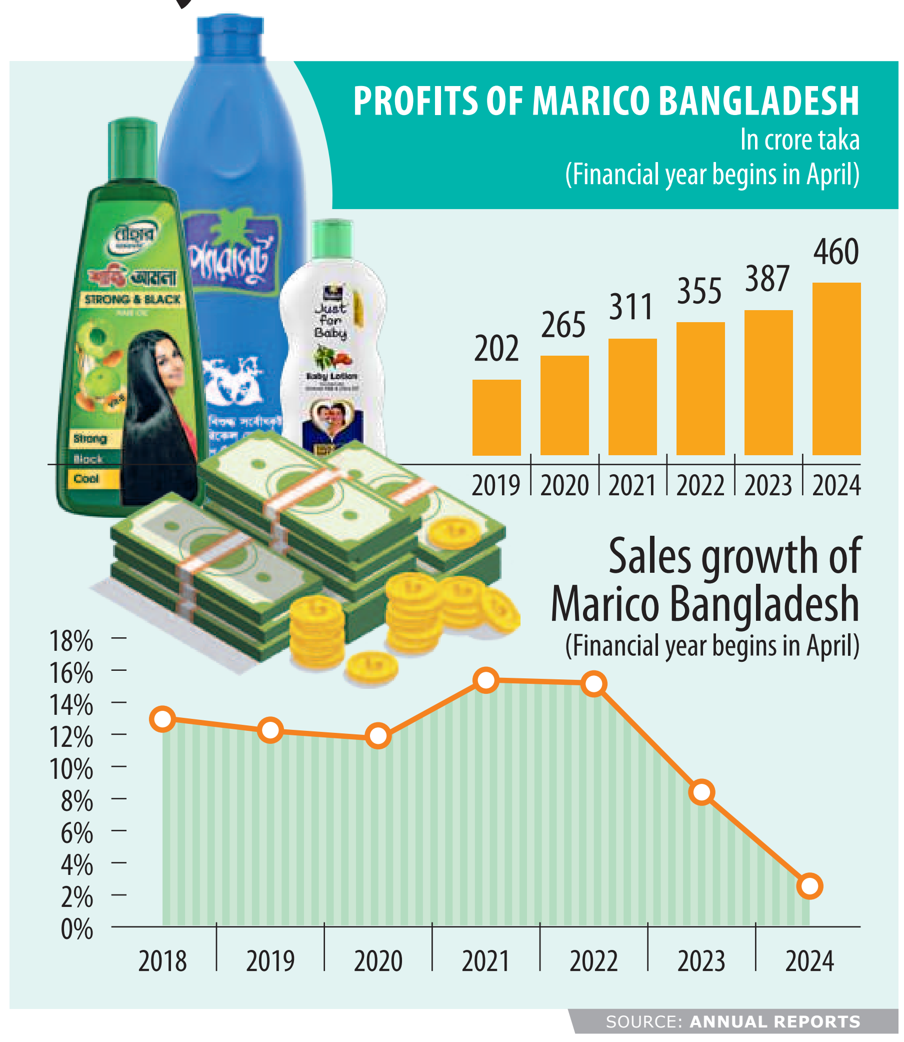
In the same year, the company launched Haircode Hair Dye, which quickly gained popularity and secured a market share of more than 15 percent in its first year, according to its website.

The company expanded its product portfolio in 2011 with the introduction of "Parachute Advanced Cooling Hair Oil".

Marico boasts an array of brands in various categories, including hair nourishment, edible oil and male grooming. Its other products include Saffola Active Edible Oil, Livon Silky Potion, Set Wet and Livon.

The company set up its bottling operations in Gazipur's Mouchak in 2002 and started running a copra oil crushing manufacturing unit in Bhabanipur in 2012.

Shares of Marico declined 3.03 percent to Tk 2,330 on the Dhaka Stock Exchange yesterday.



Shams Zaman becomes PwC's new country managing partner

STAR BUSINESS REPORT

Shams Zaman has been appointed as the country managing partner of PwC Bangladesh.

He will be the principal interface of PwC practices in Bangladesh, the company said in a statement yesterday.

Zaman has over 28 years of professional experience and has previously worked with Citi.

He was responsible for global subsidiaries, local corporates, financial institutions, public sector client coverage and origination business, according to the statement.

During his tenure, he also served as the head of markets sales and structuring and head of structured finance for Bangladesh.

Prior to joining Citi, where he spent over 20 years, Zaman worked for a boutique investment bank where he led capital markets and corporate finance business.

Zaman holds MBA and BBA degrees, and he has also completed an executive education programme on leading strategic growth.

"We firmly believe in Bangladesh's promising growth trajectory and stay committed to contributing to its momentum by expanding our market presence," said Sanjeev Krishan, chairman of PwC in India and PwC Bangladesh.

"With Shams' extensive expertise, we're confident that PwC Bangladesh will be successfully expanding our client base, exceeding our stakeholder expectations and delivering tailored solutions to their unique business challenges."

On the appointment, Zaman said: "I am very excited to be a part of the PwC Network."

ERF, Pran launch media award on agro-processing

STAR BUSINESS REPORT

Pran, an agro-processing conglomerate in Bangladesh, and the Economic Reporters' Forum (ERF) have partnered to launch the "ERF-Pran Media Award".

The award has been rolled out to recognise the contribution of economic journalists and highlight the country's emerging agro-processing sector, which contributes to food production, employment generation and earning of foreign currencies through exports.

Pran itself exports processed foods to 145 countries. The announcement about the award was made at a press conference at the ERF office in the capital's Purana Paltan yesterday.

The Award will be presented in three categories, namely print, online and television. Seven journalists will receive the accolades.

Only ERF members qualify for the recognition and they will have to submit reports between May 1 to July 31 this year. A five-member jury board will pick the winners.

The reports on various aspects of the agriculture sector, such as modern farming systems, product marketing, good agricultural practices and integrated farming, and the expansion of the sector for the benefit of agriculture and farmers will be taken into account for the Award.

Other areas include the rise of domestic agro-processing markets, financing the sector, manufacturing and supply chain, and the contribution of women in the agriculture sector.

Additionally, ERF-Pran encouraged journalists to submit reports on the areas such as the business landscape of the agro-processing sector, opportunities, challenges, new investments, job creation, social impact, supply chain, exports, and future prospects.

Speaking at the ceremony, Kamruzzaman Kamal, marketing director of Pran-RFL Group, said, "Agro-processing is a potential sector for Bangladesh and it can contribute to the economic development of the nation."

"With proper guidance, the sector can become a major player when it comes to exports by following the success of the ready-made garment industry."

He said journalists who are covering the agro-processing sector are playing an important role in taking this segment forward. "We are happy to be part of the initiative."

Addressing the launching, Refayet Ullah Mirdha, president of the ERF, said, "Agro-processing sector is a significant topic for reporting. The coverage of the sector has positive impact on farmers, businesses, and the overall economy."

Summit Power's profits climb 49%

STAR BUSINESS REPORT

Summit Power Ltd (SPL) recorded a profit of Tk 441.64 crore in the July-March period of the ongoing financial year (FY) 2023-24, up 49 percent year-on-year despite witnessing a decline in revenue.

The private power generator booked a profit of Tk 296 crore in the same period of FY23, according to its unaudited financial statement.

The company's raw material purchases accounted for 77 percent of total revenue in July-March of FY24 compared to 88 percent in the same period of FY23.

As a result, the power producer made a profit despite a 35 percent decline in revenue to Tk 3,029.51 crore.

Consequently, SPL's earnings per share grew to Tk 2.40 in the nine-month period compared to Tk 2.05 in FY23.

In the January-March quarter, SPL booked a profit of Tk 135.55 crore. In the same quarter last fiscal year, they had registered a loss of Tk 12.43 crore.

Reforms can generate

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The total non-discretionary spending on pays, allowances, pensions, and gratuities accounted for more than 43 percent of the revenue in FY23.

The PRI said Bangladesh's capacity to service debt is limited due to low revenue collection.

Although the debt-to-GDP ratio is still reasonable at less than 40 percent, the ratio of public debt to revenue is high, at 380 percent.

It is close to the threshold of 400 percent for the highly indebted poor countries (HIPC) under the International Monetary Fund (IMF) and the World Bank's definition of HIPCs, it said.

"While the government's intentions to address the macroeconomic challenges are laudable, the results so far fall short of what is necessary," said Sadiq Ahmed, vice-chairman of the PRI.

"Inflation remains high, the availability of foreign exchange is severely constrained, GDP growth is on a downward trend, investment rates are down, and export growth is much below the long-term trend."

Abu Hena Md Rahmatul Muneem, chairman of the NBR, said he held a different view although the tax-GDP ratio is disappointing.

It's not reasonable to compare Somalia and Congo with Bangladesh solely based on the tax-GDP ratio. When making such comparisons, all parameters should be considered, he said. Waseqa Ayesha Khan, state minister for finance, said there is no alternative to automation to boost revenue.

"Presently, everyone can file returns online. Given the considerable size of Bangladesh's informal sector, tax collections from the sector will be crucial. In this context, the private sector can lend us a hand."

She said the tax benefit should be withdrawn for the sectors that have been enjoying the benefit for a long time.

Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry, said the government should not withdraw tax exemptions suddenly because the country might lose competitiveness in the global market.

"If you give exemptions to a growing industry, you will get a huge return after 10 years. However, without the tax waiver, the industry will not grow and thrive," he said, adding that the scrapping of the tax benefits may also lead to a spike in the cost of doing business.

Exports may shrink

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conditions or Most Favored Nation (MFN) tariff rates depending on the trade policies of donor countries.

Several studies show that increased tariffs could potentially result in a significant decrease in Bangladesh's exports because of LDC graduation, the ADB said in a study on "Expanding and Diversifying Exports in Bangladesh: Challenges and the Way Forward" published in its March issue of ADB Brief.

LDC graduation will also restrict Bangladesh's policy space in bolstering the export sector through subsidies, the ADB said.

For instance, while World Trade Organization members are generally barred from providing export subsidies, LDCs are granted exemptions from this regulation.

Heatwave leaves

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Shafiqul Islam, a 40-year-old mason, has been travelling to the spot with his working tools in hand from the Lalkuthi Bazar on Mazar road in Mirpur. Unfortunately, his efforts have gone in vain for over a week.

"I have had no work for 7-8 days. I come here at 5:30am every day to get work, but I am not finding any jobs."

Mohammad Israfil and Mohammad Alam, two others waiting for a benefactor, share similar stories of struggle.

Keramul Islam, who works as a carpenter, came to Dhaka with his family from Panchagarh two months ago in desperate search of a job.

"If I remain jobless, how I will feed my three-member family in such tough times?" he asked.

There are also crowds of female workers, who come from different areas.

Fatema Begum, who works as a supporting hand for different projects, has not found work for five days.

Fatema and her husband both seek jobs to run their six-member family. However, both are in a jam as they have not found work in recent times.

With a bamboo basket and hoe in hand, Fatema hurries to the labour hub in Mirpur-1 each day.

"We are facing difficulties due to being unemployed. We need to work," she said.

"I am now thinking about my monthly house rent and groceries alongside daily expenses. Such things are a huge source of anxiety for me as the month approaches its end," Fatema added.

Govt frames maiden logistics policy

FROM PAGE B1

and developments in some particular logistics sectors.

Both time and cost in domestic cargo transport can be saved through a multi-dimensional and multimodal transport and communication system.

According to a 2021-2041 Perspective Plan, 77 percent out of the total annual cargo transport in 2018 was over roadways, 16 percent over waterways, 6 percent over railways and 1 percent over others.

The target has been set to reduce that over roadways to 60 percent while increasing that over waterways to 25 percent and railways to 14 percent.

The logistics policy, however, opined that through the development of a multidimensional and multimodal transport system, 50 percent of the total domestic cargo can be transported on roadways, 28 percent over waterways, 20 percent over railways and 2 percent over airways.

A wide range of action plans has been set in the formulated policy for developing the logistics sector in line with the expected development targets eyeing for the country's transformation towards a high-income country with $300 billion in export earnings by 2041.

As per the action plans, all the airports, riverports, seaports, land ports, economic zones, industrial areas, warehouses, inland container depots (ICDs) or container freight stations and air freight stations will be connected with the national highways and railways.

The plans include connectivity between the road network and inter-state economic corridor, increase of lanes on all the national highways as well as creating separate lanes for cargo carrying vehicles and upgradation of all prevailing metre gauge railway lines into broad gauge and dual lines.

The plans also include setting up of logistics hubs at all the economic zones and export processing zones.

It chalked out plans for reducing steps regarding export and import related documentations to ensure ease of doing business.

The seaports need to be connected with all economic zones, industrial areas, warehouses, ICDs or container freight stations and air freight stations through air, river, rail and waterway connectivity, it said.

It also highlighted installation of modern cargo and container handling equipment in seaports and setting up of more ICDs equipped with road, rail and river connectivity close to the sea ports as well as formulation of a masterplan for overall infrastructure development of the sea ports.

It necessitated rationalising the port charges and fees for vessels arriving at the sea ports. The plans also included the launch of dedicated cargo service for air cargo transport as well as setting up air cargo terminals.

The policy emphasised on encouraging private sector investment for infrastructure development of roadways, railways and seaports through public-private partnerships.

It also underscored the need for eradicating all obstacles in operation of vessels flying flags of other countries and engaged in transporting import and export cargoes.

Businesses lauded the formulation of the policy but pointed out that it was late to come about.

Bangladesh Freight Forwarders Association (BAFFA) Vice President Khairul Alam Suzan hoped for the policy to streamline logistics businesses into one uniform system.

"This will bring several benefits, including directions and the target of economic progress will be easy to reach," he said.

Masrur Reaz, chairman of the Policy Exchange of Bangladesh, said the logistics sector is a vast, complicated and multidimensional area involving many aspects including infrastructure, transportation modes, services, regulatory and border clearances.

But in Bangladesh, this sector had remained completely without any single policy framework and for that matter, the sector lagged concentrated ownership in the government, he added.

There was no single vision and framework bringing all of these together for a common goal such as economic benefit or competitiveness.

"But with the new policy, we have got a national level framework, a vision as well as a ownership within the government," Reaz said.

"This logistics policy has provided guidance and principles for private investment in all areas of logistics, including port development, railways and railway-based freights, which were never possible," he added.

Container handling rises

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end of the fiscal year, on condition that the present trend continues.

Overall cargo handling, meaning both containerised and bulk cargo, increased by 4.38 percent in this period.

The port handled a total of 9.16 crore tonnes of cargo in the first 9 months of fiscal year 2023-24, up from 8.78 crore tonnes in the same period a year ago.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) First Vice-President Syed Nazrul Islam said garment exports amounted to $37.2 billion in the first nine months of the current fiscal year.

This is 4.6 percent lower than the target of $39 billion, he said.

He added that neither import of raw materials for garment factories nor exports increased as per expectations.

Import of almost all raw materials meant for manufacturing garments alongside export cargo are transported in containers.

Regarding the rise in cargo and container handling at the port, Chittagong Chamber of Commerce and Industry (CCCI) President Omar Hazzaz said it was still too early to say whether the country's foreign trade has started to recover.

Exports are yet to reach expected levels, he said. However, he stated that the rise in cargo handling at the port was "a good sign" and it showed that country's import trade was rising gradually.

Cotton farming

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The agriculture ministry recently announced that Tk 10 crore worth of incentives will be provided to increase cotton production for the first time in an effort to reduce import dependence.

"The government is providing around Tk 10 crore in incentives to cotton farmers.

This shows that the agriculture ministry gives priority to cotton," said Fakhre Alam Ibne Tabib, executive director of the CDB.

He said Bangladesh has a very small amount of farmland in addition to a very large population.

"So, it is normal to focus more on food crops considering the limited amount of land. This is the main challenge for increasing cotton production," Tabib added.

He informed that they now plan to reduce tobacco farming to bring some of the land being used for that purpose under cotton cultivation instead. Currently, cotton is cultivated in western Jhenaidah and Jashore and parts of the hilly districts of Bandarban and Rangamati.

Contacted, SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association, said the quality of locally produced cotton is not as good as imported alternatives. He also pointed to how it is challenging to increase cotton production in the face of land limitations.

"A solution may be found to this end if agricultural researchers work together," Kochi added.

Agriculture Minister Abdus Shahid declined to comment when asked about the reasons for low cotton production in the country.