RAK Ceramics incurs Tk 14cr loss in Q3

STAR BUSINESS REPORT

RAK Ceramics (Bangladesh) Ltd posted a net loss of Tk 14.67 crore in the July-September quarter of 2024, according to an official disclosure, as the ceramics manufacturer attributed the loss to a gas shortage in its production lines and nationwide political turmoil.

The company made a loss per share of Tk 0.35, significantly down from an earnings per share of Tk 0.29 in the same period last year, according to a disclosure on the Dhaka Stock Exchange (DSE) website.

The ceramics manufacturer attributed the loss to a demand-supply gap caused by underutilised plant capacity due to inconsistent gas supply from the national grid.

The company's share price responded sharply, plunging 8.52 percent to Tk 20.4 yesterday on the Dhaka bourse.

The ceramics manufacturer attributed the loss to a gas shortage in its production lines and nationwide political turmoil

Adding to the challenge, production and sales suffered due to unprecedented political disruptions during the third quarter, further impacting the company's performance, said RAK.

Additionally, RAK Ceramics reported a loss per share of Tk 0.26 in the January-September period of 2024.

Its net operating cash flow per share (NOCFPS) also saw a downturn, standing at Tk 0.37 in the negative over the nine months as the company prioritised settling vendor liabilities on schedule, despite weakened sales and collection efforts.

RAK Ceramics, one of the largest ceramics manufacturers in the world, is a publicly listed company on the Abu Dhabi Securities Exchange in the UAE and the group has an annual turnover of $1 billion, according to its website.

The company is headquartered in the UAE and operates in over 150 countries with operational hubs in Europe, the Middle East, North Africa, Asia, North and South America, and Australia. RAK Ceramics's products include tiles, sanitaryware, and porcelain tableware, among others.

Speakers attend a discussion, titled "Wage Determination of Minimum Wage Board: Scope, Challenges and Way Forward", organised by the Bangladesh Institute of Labour Studies at The Daily Star Centre in Dhaka yesterday. PHOTO: COLLECTED

Minimum Wage Board lacks data, transparency: experts

STAR BUSINESS REPORT

The Minimum Wage Board, a government regulatory agency responsible for recommending changes to the minimum wage in different sectors, operates with limited data, which could lead to a lack of transparency and fairness in the wage-setting process, according to labour rights activists and experts.

"The board's data limitation complicates assessments of employers' ability to pay and broader productivity issues," said Mostafiz Ahmed, associate professor of social work at Jagannath University.

"The regulatory agency should establish a dedicated research wing to address the issue," Ahmed said at an event, titled "Wage Determination of Minimum Wage Board: Scope, Challenges and Way Forward", organised by the Bangladesh Institute of Labour Studies (BILS) at The Daily Star Centre in Dhaka yesterday.

In his keynote presentation, Ahmed said that the wage-setting process may not have transparency and fairness without clear calculations and economic justifications.

This, he said, could lead to dissatisfaction among both workers and employers.

The Minimum Wage Board, the statutory body responsible for setting private sector wages under the Bangladesh Labour Act 2006, receives and reviews feedback on recommended wage rates for 42 sectors, adjusting them as necessary.

According to different labour rights organisations, there are around 6.50 crore workers in these sectors.

However, the highest employing sector in the country, agriculture, does not have a determined minimum wage. Wages in local farming are determined by the demand and supply of labour, while other sectors show substantial minimum wage gaps.

Ahmed pointed out that 20 of the 42 sectors have not seen regular wage increases for periods ranging from 6 to 40 years.

"Two sectors have seen no revision in the past 35 years, while wage revisions in eight sectors have been overdue for 10-15 years, and in 10 sectors for 6-9 years."

He called for revising sectoral wages every five years.

Experts pointed out that 20 of the 42 sectors have not seen regular wage increases for periods ranging from 6 to 40 years

Ahmed also highlighted that the Minimum Wage Board's workplace inspections lack a standardised format.

Without consistent guidelines, inspections may be less effective and the collected data might not provide a reliable foundation for decision-making, he added.

He also recommended expanding the board's human resources to enable more effective operations.

He proposed several reforms, including establishing a national minimum wage, democratising the selection of Minimum Wage Board representatives, setting criteria for independent members and improving sectoral representation and accountability.

Ahmed also recommended regular wage reviews, fixed meeting schedules and publishing proceedings on the board's website to keep workers and stakeholders informed.

He said that although the wage announcement is supposed to come within six months after the formation of the wage board, in this case it takes twice or thrice as long, or even more.

In this case, the question remains as to what kind of policy determines the selection of board members, he added.

Anwar Hossain, vice-chairman of the BILS, said that the attitude of depriving workers should be overcome, and their quality of life, economic empowerment, market conditions, price increases, and other factors should be taken into consideration.

Nazma Akter, a union leader in the garment sector for more than 35 years and now the president of the Sammilito Garment Sramik Federation, said workers cannot be deprived of fair wages in the name of protecting the industry's existence.

She said the government will have to come forward to fix a living wage, considering the participation of employers and workers in the country's economic development.

Mamunur Rashid, chairman of the Minimum Wages Board, said the board has to work within its limitations.

He said that workers cannot uphold their rights as strongly as owners and that owners should therefore be more worker-friendly.

Ifad Autos exporting AC bus to Bhutan

STAR BUSINESS REPORT

Ifad Autos has become the first local automobile company to export airconditioned (AC) buses assembled in Bangladesh.

The company started shipping 11 of the buses to Bhutan this week and will send 11 more within this month. Ifad has achieved a historic milestone for the automobile industry of Bangladesh, said Iftekhar Ahmed Tipu, chairman of Ifad Group.

Ifad has its own manufacturing plant, where the body of the AC buses were made.

"The bus export was really a matter of pride for Bangladesh, as the country has always imported this type of vehicles," he added.

Apart from Bhutan, Maldives, Nepal, Myanmar and India's seven-sister states have also showed interest in buying AC and non-AC buses from Ifad, Tipu said. The chairman of the automobile company thinks his company will be able to export buses to many more countries if it is provided with government support.

According to Tipu, a revolutionary change has been achieved in the field of heavy vehicles in Bangladesh over the past few years.

Ifad Autos has set up a car manufacturing plant as the country spends a huge amount of foreign currency every year for car imports, he said.

Ifad Autos, one of the companies of Ifad Group, has been marketing various models of AC, non-AC buses, trucks and covered vans of Indian automaker Ashok Leyland in Bangladesh since 1985.

On higher revenue, Marico's profit grows 25% in Q2

STAR BUSINESS REPORT

Marico Bangladesh Ltd reported a strong financial performance in the July-September quarter as its profit surged 25 percent year-on-year to Tk 146.54 crore.

In the period, the company's earnings per share (EPS) hit Tk 46.52, up from Tk 37.11 a year ago.

The company credited the growth to higher revenue, an improved gross profit margin, and a boost in net finance income, as per its disclosure on the Dhaka Stock Exchange (DSE) website.

Marico's stock fell 0.29 percent to Tk 2,200 at the end of the day's trading on the DSE yesterday.

Its net operating cash flow per share (NOCFPS) for the six months ending in September 2024 was Tk 26.36, down sharply from Tk 95.37 a year earlier.

Marico attributed the cash flow drop to increased payments to suppliers for purchases in the first half of fiscal 2024-25.

The fast-moving consumer goods (FMCG) giant's board announced an interim cash dividend of 450 percent for the July-September quarter.

Additionally, Marico said its net asset value per share has slipped slightly since March 2024, as earlier dividends were distributed during this period.

Marico, one of the prominent FMCG companies in Bangladesh's beauty and wellness sector, reaches over 790,000 outlets with a diverse portfolio that includes hair care, edible oil, and male grooming products, demonstrating its leading market presence, according to its website.

AIIB head criticises advanced nations for trade barriers

REUTERS, *Washington*

Asian Infrastructure Investment Bank (AIIB) President Jin Liqun on Saturday criticized advanced economies for creating trade barriers including for renewable energy goods, saying there was "no longer free trade" in the global economy.

The United States last month locked in steep tariff hikes on Chinese imports, including a 100 percent duty on electric vehicles, to strengthen protections for strategic domestic industries from China's state-driven excess production capacity.

The European Union and Canada also have announced new import tariffs on Chinese EVs, the latter matching the 100 percent US duties.

Jin, who heads the China-led development bank, said trade spats between advanced and emerging economies have increased partly because manufacturers in the latter have boosted their competitiveness.

Emerging economies that build up capacity for trade and become competitive could be accused for over-capacity "no matter how much benefit you can bring to your trade partners," he said.

"It's no longer free trade, because you cannot rely on the WTO rules," Jin told the Group of Thirty (G30) International Banking Seminar.

"What worries us even more is the barriers to trade in low carbon and renewable energy products, which are rising even more faster, just when we need more of these green products to save the planet," he said. AIIB was set up by President Xi Jinping in 2016 as a Chinese alternative to the World Bank and other Western-led multilateral lenders.

Indonesia bets on SE Asia's first battery plant to become EV hub

AFP, *Karawang*

Rows of robotic arms move with precision to assemble nickel-based battery cells on the production line at Indonesia's inaugural electric vehicle battery plant, the first in Southeast Asia.

After being chosen by a joint venture of South Korea's Hyundai and LG for the $1.1 billion factory, Indonesia is now looking to boost investment to give it an edge in the race to become a regional EV hub.

When he opened the West Java plant in July then-president Joko Widodo said such investments would make Southeast Asia's biggest economy an "important global player" in the EV supply chain.

But while the country boasts the world's largest nickel reserves, analysts pointed out that it still faces a battle owing to its poor processing and refining capacity, environmental worries and the rise in other types of batteries.

It also has some way to go to rival Thailand, which Krungsri bank said had market share of 78.7 percent of Southeast Asia's EV sales as of early 2023, with Indonesia following with eight percent.

AFP was given rare access to the factory floor to get a glimpse of the plant's complex battery cell production, most of which will be shipped to Hyundai subsidiaries in South Korea and India.

Hyundai said the new factory was a commitment to helping the archipelago become a supercharged Southeast Asian EV maker.

"It shows we are ready to support the government's desire to become a hub for Southeast Asia," Fransiscus Soerjopranoto, chief operating officer of Hyundai's Indonesian subsidiary, said.

The government has unveiled a number of incentives to boost the EV market, including a luxury goods tax exemption that has boosted sales and seen a flurry of key brands entering Indonesia's 280 million-strong market, including China's BYD and Vietnam's VinFast.

More than 23,000 battery-powered cars were sold to dealers between January and August this year, compared with 17,000 in all of 2023, Indonesian automotive association data showed.

Under the regulations unveiled last year, EVs imported to Indonesia are free of duties until 2025 if companies commit to building production facilities and producing as many cars in the country as they import by the end of 2027.

And Chinese automaker Wuling announced a plan last month to produce EV batteries at its Indonesia factory by the end of 2024, local media reported.

"We see a huge potential for EV purchase in Indonesia compared to other countries in Asia," said BYD Indonesia official Luther Panjaitan.

Key to Jakarta's strategy has been luring automakers before they establish plants elsewhere, said Rachmat Kaimuddin, a government official who left in the transition to President Prabowo Subianto's administration last week.

This photo shows a worker moving battery cells to be packed for shipment at the battery manufacturing plant at PT HLI Green Power, Indonesia's first electric vehicle battery cell manufacturer, in Karawang, West Java. PHOTO: AFP/FILE