Crown Cement lifts profit by 76% on stronger sales

STAR BUSINESS REPORT

Crown Cement has posted a rise in profit and revenue for the third quarter of the fiscal year (FY) 2024–25, buoyed by higher sales.

The cement maker's profit soared by 76 percent year-on-year to Tk 30.20 crore in the January–March period of FY25, according to its latest financial statement.

Revenue climbed 30 percent over the same quarter to Tk 1,192.20 crore.

The company credited the growth to a 30.14 percent jump in sales volume and a 0.46 percent uptick in prices, supported by various sales initiatives.

Earnings per share (EPS) rose to Tk 2.03 during the quarter, up from Tk 1.15 a year earlier.

Despite the quarterly surge, Crown Cement's net profit for the first nine months of FY25 fell to Tk 52.83 crore, down from Tk 87.64 crore in the same period last year. This represents a decline of Tk 34.82 crore, even as revenue rose 15.12 percent.

Crown Cement said the decline in profit was mainly due to higher depreciation costs from its new capacity expansion, interest charges on long-term loans for the new production unit, increased energy costs, and elevated spending on advertising, promotions, and workforce expansion to gain market share.

For a 30 percent quarterly revenue growth, the company credited a jump in sales volume and an uptick in prices, supported by various sales initiatives such as advertisements and promotional campaigns

An elevated effective tax rate, stemming from the imposition of minimum tax, also weighed on profitability, said the company.

Earnings per share for the nine-month period slipped to Tk 3.56, down 39.72 percent from Tk 5.90 a year earlier.

However, net operating cash flow per share (NOCFPS) surged to Tk 17.16, compared to Tk 4.46 in the same period last year.

The improvement was driven by improved cash collections, non-cash depreciation from the sixth unit, and extended credit terms from suppliers.

Selling and distribution costs rose due to increased spending on advertisements and the deployment of a larger sales team to leverage the company's expanded capacity.

Finance costs edged down 6.73 percent on the back of reduced foreign exchange losses, aided by a more stable exchange rate.

However, interest expenses rose due to the long-term project loan for the sixth unit and higher prevailing interest rates.

As of March 31, sponsor-directors jointly held 65.33 percent of the company's shares, according to Dhaka Stock Exchange data.

Institutional investors owned 18.34 percent, the public held 16.28 percent, and foreign investors accounted for 0.05 percent.

Swift action, long-term plans can offset US tariff shock

Pacific Jeans MD tells The Daily Star

TAKEAWAYS FROM INTERVIEW

CONCERNS AND SHORT-TERM PRIORITIES

- US tariff already hurting RMG as buyers cancel or delay orders
- Factories need to ship pending orders within 90-day grace period
- Exporters must negotiate individually with buyers to reduce losses

MID-TERM MEASURES

- Engage with US buyers to retain orders despite tariff pressure
- Each factory needs its own mid-term action plan
- Govt should use grace period to negotiate with US

LONG-TERM STRATEGY

- Promote use of US cotton to qualify for tariff relief
- Develop infrastructure and backward linkage for synthetics
- Increase US imports like LNG, aircraft to rebalance trade ties

SECTORAL SHIFTS AND OPPORTUNITIES

- Knitwear and synthetic exports to US may grow post-tariff
- Diversify exports beyond RMG into electronics, pharma, etc
- Push for FTAs to safeguard exports post-LDC graduation

DWAIPAYAN BARUA, *Ctg*

The US government's recent announcement to hike the tariff on Bangladeshi goods by an additional 37 percent has already begun affecting the country's readymade garment (RMG) industry, according to a leading denim exporter.

International buyers are cancelling or putting on hold some of the work orders and demanding price discounts, said Syed M Tanvir, managing director of Pacific Jeans.

In a recent interview with The Daily Star, Tanvir underscored the need for both the government and individual factory owners to take up immediate, mid-term and long-term strategies to weather the impacts.

Otherwise, the country's export competitiveness in the vital US market could suffer a setback, he apprehended.

Bangladesh's RMG sector accounts for over 80 percent of the country's total exports, with the US being one of its biggest markets.

The hike-induced abrupt demands of the international buyers are putting the factories under financial pressure, Tanvir said.

With a 90-day pause currently in place before the tariffs come into effect, he stressed the importance of manufacturing goods sought in the existing orders and shipping those at the earliest within this deadline.

The short-term strategy is to control damage, and every factory must act individually, negotiating with their customers to minimise losses as much as possible, he said.

"Within the pause period, the government also needs to put in the maximum effort to negotiate with the US government and get the best deal so that we are least impacted," said Tanvir.

For the medium term, he recommended exporters individually engage in intense dialogue with their US customers to negotiate the continuity of work orders and increase business to minimise the impacts of the tariff hike.

"Every factory should have its own strategy, have its own game plan in this regard," he said.

International buyers are cancelling or putting on hold some of the work orders and demanding price discounts, said Syed M Tanvir, managing director of Pacific Jeans

And, for the long-term strategy, the government has an important role to play, said Tanvir.

Referring to the chief adviser's letter to the US president expressing Bangladesh's intent to significantly increase imports of US farm products, including cotton, Tanvir said it was a very important issue.

US retailers also need to play a role, such as promoting the use of American cotton for their work orders, because it might help them avail tariff rebates, he said.

"There has to be dialogue not only between the two governments but also involving the brands, so that they endorse the use of US cotton while nominating spinning mills that would produce the yarn," he explained.

"To significantly increase the use of US cotton, the government needs to keep the Bangladesh Textile Mills Association (BTMA), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and other stakeholders like the buyers' forum on board when formulating a long-term strategy," he said.

For the long-term strategy, Tanvir also stressed the need for developing better infrastructure and backward integration for all categories of garment products.

To offset the impact of the US tariff hike, he also emphasised exploring scopes for increasing other imports from the US.

He proposed enhancing government spending for big-volume purchases like liquefied natural gas (LNG), aeroplanes, or military equipment from US companies to help balance the trade deficit.

And finally, there is no alternative to effective dialogue and trade negotiation or diplomacy to find a good solution so that the country's exports are protected and subsequently increase, he said.

If such strategies are adopted, Bangladesh's exports to the US will grow, he hoped.

He, however, predicts that the export of all categories of garment products may not witness growth if the US tariff hike is imposed.

Currently, the export of woven garments from Bangladesh to the US market is higher than that of knitwear products.

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Regulatory reform: A pivotal need for economic agility

MAMUN RASHID

For years, local businesses have struggled with an invisible but formidable opponent: a web of outdated, inconsistent, confusing and burdensome regulations. Navigating this bureaucratic maze has often meant facing unpredictable delays, opaque procedures, and uneven enforcement. As Bangladesh aims to revitalise its economy and attract fresh investment, the push for regulatory reform is not just timely, it is essential.

Responding to mounting pressure from both domestic business leaders and international development partners, the interim government has been discussing an ambitious reform programme. Though it didn't come up loudly till date, I believe at the heart of this effort should lie the proposal to establish a "Regulatory Reform Commission (RRC)", a dedicated body tasked with overhauling archaic rules and processes that constrain economic activity. The RRC's role must be continuous and proactive: monitoring, evaluating, and streamlining the full spectrum of economic, especially business-related regulations.

This is not Bangladesh's first attempt. Back in 2007, under the caretaker government, a similar commission led by the late Dr Akbar Ali Khan was formed but ultimately dissolved without significant impact due to a lack of political continuity. Experts now argue that this opportunity must not be squandered. From my engagement with the earlier "Better Business Forum", which helped establish the original RRC, I can say with confidence that business owners repeatedly emphasised that if reforms were left solely to line ministries, little progress would occur. We need a central authority with a clear mandate and strong political backing.

The need for reform is also evident in the data. Bangladesh continues to lag behind its regional peers in business environment metrics. In early 2025, the country scored just 56.99 out of 100 in the "regulatory framework" pillar, placing it in the bottom quintile among 50 surveyed economies. Despite positive steps, such as digitalisation of trade documentation and one-stop service initiatives, entrepreneurs still face regulatory uncertainty that stifles innovation and deters investment.

Foreign direct investment in FY2024 dropped by 5 percent, a worrying sign for an economy reliant on private capital to fuel growth.

Recent economic headwinds have made reform even more urgent. GDP growth declined to 1.8 percent in the July–September 2024 quarter, prompting the World Bank to revise its annual forecast to 4 percent. Meanwhile, domestic revenue grew only 3.7 percent in the first quarter of FY25, compared to 17.7 percent year-over-year. Recognising these pressures, the government has secured over $3 billion in funding from the World Bank, with a significant portion earmarked for regulatory and structural reforms.

Analysts have pointed to two key challenges in the regulatory landscape as: (1) many regulations are outdated and irrelevant, and (2) the country lacks frameworks to govern emerging technologies and business models. Regulators are consistently behind the curve. This mismatch between policy and progress reinforces the case for a permanent reform commission.

To be more than a token initiative, the RRC must be enshrined in law and operate beyond political cycles. Looking back at the earlier commission, we should now push for a three-tiered structure: broad dialogue to identify issues; expert-led design of reforms aligned with global practices; and institutional mechanisms to ensure implementation. The earlier commission made real progress when it had support from the "Better Business Forum" and from strong leadership. It must again function as part of a broader public-private ecosystem.

The task is clear. Bangladesh must shift from reactive, piecemeal regulation to a strategic, forward-looking approach. A well-functioning Regulatory Reform Commission can deliver just that — not merely by cutting red tape, but by making the economy more adaptive, inclusive, and competitive in a fast-changing world.

Mamun Rashid is an economic analyst and chairman at Financial Excellence Ltd.

ACI reports massive Q3 loss despite rise in revenue

STAR BUSINESS REPORT

ACI, one of the largest conglomerates in Bangladesh, reported a massive loss in the third quarter of the 2024–25 fiscal year.

The company incurred a consolidated loss of Tk 13.69 crore in the January–March quarter, compared to a profit of Tk 1.65 crore in the same period a year ago.

However, it posted a 17 percent year-on-year growth in revenue in the third quarter of the 2024–25 fiscal year, with turnover reaching Tk 3,573.50 crore, according to its financial statements.

For the July–March period, the company logged total revenue of Tk 10,193.25 crore, registering a 9.6 percent year-on-year growth, driven by contributions from multiple business segments, ACI said.

The company's loss per share stood at Tk 1.12 for the quarter, whereas earnings per share were Tk 0.13 in the corresponding period of the previous fiscal year.

In the nine-month period that ended on March 31, ACI's consolidated loss per share widened to Tk 9.11 from Tk 7.18 a year earlier.

The company said gross profit growth during the period outpaced the growth in operating expenses due to cost control initiatives, which contributed to an improvement in operating profit.

However, a rise in borrowing costs—driven by higher interest rates and additional funding requirements for working capital and strategic investments—led to a deterioration in the bottom line, as the company mentioned in the financial statements.

Apple expects $900m tariff hit, US iPhone supply shifts to India

AFP, *San Francisco*

Apple on Thursday reported first-quarter profit above expectations but warned that US tariffs could cost the company and were disrupting its supply chain.

Apple expects US tariffs to cost $900 million in the current quarter, even though their impact was "limited" at the start of this year, chief executive Tim Cook said on an earnings call.

Cook said he expected "a majority of iPhones sold in the US will have India as their country of origin," adding that Apple's products were exempt from Trump's most severe reciprocal tariffs for now.

"We are not able to precisely estimate the impact of tariffs, as we are uncertain of potential future actions prior to the end of the quarter," Cook said.

"Assuming the current global tariff rates, policies and applications do not change for the balance of the quarter and no new tariffs are added, we estimate the impact to add $900 million to our costs."

Tit-for-tat exchanges have seen hefty US levies imposed on China, with Beijing setting retaliatory barriers on US imports.

High-end tech goods such as smartphones, semiconductors and computers received a temporary reprieve from US tariffs.

Although completed smartphones are exempted from Trump's tariffs for now, not all components that go into Apple devices are spared, said independent tech analyst Rob Enderle.

"The more components are crossing borders, the most cost flows through to the device," Enderle explained.

"In the end, this all adds up to an expensive mess," he said of the tariff situation.

Customers shop for iPhones at an Apple store in Chicago on April 14. Apple expects US tariffs to cost $900 million in the current quarter, even though their impact was "limited" at the start of this year, chief executive Tim Cook said. PHOTO: AFP/FILE

Canalys research manager Le Xuan Chiew said Apple built up inventory ahead of the tariffs going into effect.

"With ongoing fluctuations in reciprocal tariff policies, Apple is likely to further shift US-bound production to India to reduce exposure to future risks," he said.

While iPhones produced in mainland China still account for the majority of US shipments, production in India ramped up toward the end of the quarter, according to Canalys.

Cook said Vietnam would be the country of origin for almost all iPad, Mac, Apple Watch and AirPod products sold in the US.

China will continue to be where most Apple products are made for sale outside the US, he insisted.

"What we learned some time ago was that having everything in one location had too much risk with it and so we have, over time with certain parts of the supply chain, opened up new sources of supply," Cook told analysts.

"You could see that kind of thing continuing in the future."

Apple's revenue of $95.4 billion in the recently ended quarter was driven by iPhone sales, with the company reporting $24.8 billion profit for the quarter.

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