

Monno Ceramic's Q3 profit rises 102 times

STAR BUSINESS REPORT

Monno Ceramic's profit increased 102 times in the third quarter of the 2024-25 fiscal year, thanks to a rise in revenue and other income.

In the January-March quarter, the ceramic manufacturer made a profit of Tk 3.84 crore, with earnings per share (EPS) rising to Tk 1.02, up from last year's Tk 0.01.

For the July 2024-March 2025 period, the EPS stood at Tk 1.23, up from Tk 0.77 in the corresponding period of the previous year, the company said in a recent disclosure on the Dhaka Stock Exchange website.

The improvement in EPS was attributed to organic revenue growth and higher other income, the company said in the filing.

Meanwhile, the company's net operating cash flow per share turned negative at Tk 2.11 for the July-March period of FY25, down from a positive Tk 0.11 in the same period of FY24.

The decline was due to reduced cash receipts from customers alongside higher payments to suppliers, employees, and others, said Monno Ceramic.

Premier Cement's profit drops 87% in Q3

STAR BUSINESS REPORT

Leading cement manufacturer Premier Cement Mills PLC's profit fell by a massive 87 percent year-on-year to Tk 3.28 crore in the third quarter of the 2024-25 fiscal year due to higher raw material and finance costs.

Its revenue for the January-March 2025 quarter fell 4 percent year-on-year to Tk 724.18 crore, according to the company's financial statements.

The company's earnings per share dropped to Tk 0.31 in the third quarter, compared to Tk 2.58 in the same quarter of fiscal 2023-24.

For the nine months from July 2024 to March 2025, its consolidated EPS stood at Tk 0.67, down from Tk 5.19 in the same period a year earlier.

Despite the profit decline, the company reported a consolidated net operating cash flow per share of Tk 6.08 for the nine months, up from Tk 5.53 in the same period last year.



ZAHID HUSSAIN

The interim government (IG) is set to present its FY26 budget on June 2. The anticipation is that their budget will depart from the past. Following the unprecedented events of July 36, the IG, unburdened by political motivations, has no need to seek popular acclaim. This positions them uniquely to make a significant reform impact on budgetary planning and management, distinguishing themselves from previous administrations. While a substantial portion of the budget will necessarily reflect ongoing commitments from the past, there is hope that the IG will introduce innovative measures in areas where they have the flexibility to do so.

Smelling our coffee

Eschewing the pursuit of "populism" means the IG will dispassionately weigh the tradeoffs inherent in every budgetary decision, whether related to budget size, expenditure composition, revenue mobilisation, or deficit financing.

We must acknowledge that the IG consists of emotionally driven individuals, not heartless robots. They have their own biases and sensitivities towards societal expectations, which any government budget aims to address across the nation's diverse regions.

The IG members also possess egos that are naturally receptive to praise and recognition, often overshadowing objective calculations. The key difference is that IG leaders do not face elections, thereby positioning them to better meet the challenge without being fixated on public acclaim.

The IG is vulnerable to the lame duck syndrome because of their short tenure. This limits their ability to implement major policies as they are currently discovering. It is human to be drawn to rhetoric that generates popular appeal. The gap between feeling good about perceived economic recovery and actual progress is often larger than we think. The hope is that such aberrations will be significantly more constrained compared to previous governments.

In theory, lame ducks can head in good or bad directions. The public likes to believe the IG has the wisdom to know the difference and the passion for the public good.

Historically, administrations have obsessed over the size of the budget, dooming it to fail from the outset. The IG is expected to punt such impulses. An oversized budget offers only fleeting egoistic satisfaction. At this historic juncture, the IG can do a lot better by being selective in choosing battles that inevitably accompany budgetary financing and expenditure allocation decisions.

Financing footprint

Efforts to enhance revenues are often resisted by pockets affected by the increases. Rhetorics pledging to generate more funds and causing pain to none lacks credibility. Honest taxpayers get an incentive to stay honest when the enhanced mobilisation effort focuses on tackling evasion, estimated recently at over Tk 2,20,000 crores in FY23, equivalent to at least four Dhaka metros, by the Centre for Policy Dialogue (CPD). Evaders will find ways to resist, as will those who lose benefit from tax exemptions. How much progress the IG can make within a single year in implementing measures to reduce evasion is uncertain, especially given the ongoing

Differentiating the FY26 budget

intra-bureaucratic conflicts on the legislation separating tax policy and administration.

We won't know unless they find a way to try. Evasion cannot be curtailed without limiting the discretion of tax officials and minimising face-to-face interactions between officials and taxpayers. To limit discretion, we must reduce the complexity of direct and indirect tax rates. Progress in the automation of tax administration is essential to minimise personal interactions.

Public borrowing is the other source of financing. Choosing a deficit size trades off inflation, interest and exchange rate risk depending on how it is financed. The macroeconomic risks of an oversized deficit are currently elevated.

External financing mitigates the crowding out and inflation risks, but adds to the existing stock of debt that future generations will have to repay. Prudence requires using credible metrics to assess the limits of external debt as we enter FY26 and leveraging all available options for policy and project finance from the creditors. Approaches fueled by overconfidence often backfire. The IG's assertions about readiness for specific reforms to tap external financing should align with their narratives about the state of the economy and their concerns about the outlook.

Domestic borrowing poses the greatest risk of crowding out private credit. The banking system's deposit growth is sluggish, and the

assistance is a social imperative that will synergise efforts in poverty reduction and human capital development.

Realignment and austerity based on value for money are likely to be more feasible in the Annual Development Program. Many lament the slow pace of expenditure releases for development projects this fiscal year. This deceleration partly stemmed from efforts to repurpose wasteful spending to useful spending. The IG has already shown a commitment to revisiting the fundamentals of ongoing projects, ensuring that sunk costs do not influence the decision to continue or discontinue them.

Austerity is possible in subsidies, which account for 11 percent of the original FY25 budget. Food, agriculture, energy, exports, and remittances are most subsidised. There isn't much room for manoeuvre in food and agriculture, except for the well-known abuse of subsidies given for farm mechanisation and the costs of delivering food rations to the target groups. The rest of the subsidy budget deserves a thorough reconsideration of the efficiency, equity and sustainability objectives they are supposed to have supported.

Leaving with collars high footprint

The present global landscape is marked by both obstacles and prospects. Nations involved in the initial round of tariff disputes are key partners in our international trade and finance. The populace anticipates that the budget speech will highlight



government's domestic debt to revenue ratio is already high. To mitigate inflation risk, it is crucial to avoid deficit monetisation and allow private credit to expand as political and policy uncertainties clear in the medium term. Risk-free rates fall when the government reduces domestic borrowing which in turn poises fiscal policy to be growth-friendly.

Expenditure footprint

With the expenditure size bounded by revenues and prudent deficits, leaving a footprint means taking a hard look at the composition to identify where budgetary allocations need increases, where rearrangement is possible, keeping the envelope the same, and where decreases are warranted.

The most apparent sectors deserving increased budgetary allocations are health, education, and social protection. These collectively constitute more than 20 percent of the budget when properly accounted for. Although they often struggle to utilize even the limited funds they receive, the solution is not to maintain stagnant allocations. Instead, it is essential to determine why they are unable to spend, aside from buildings, vehicles, and travel, where overspending is prevalent across various sectors.

Considering the World Bank's forecast that the number of impoverished individuals may have risen by 30 million in one year (2025), addressing poverty through budgetary channels in education, health, and social

advancements in tariff negotiations with the US administration. Relying on a timeline extension may be imprudent, given the likely deterioration in global activity and heightened risk perceptions.

For countries like Bangladesh, there are favourable developments such as the US dollar reaching a three-year low and a broad decline in commodity prices, driven by reductions in energy and agricultural prices. Should the uncertainties surrounding the Trump tariff's dissipate sooner rather than later, new avenues for exports and foreign direct investment may open up as buyers adjust their orders and supply chains are reshored.

The IG is anticipated not only to manage the tradeoffs arising from financial limitations and the shifting external conditions but also to ease tradeoffs within the domestic economy through structural reforms. The budget speech should outline specific economic benchmarks leading up to the conclusion of the IG's term.

An essential yet often overlooked tenet of economic policy is that unintended consequences frequently overshadow the intended ones. Our desire to exert control notwithstanding, genuine humility is crucial for staying attuned to the unfolding reality. Words hold weight, regardless of the context in which they are written or spoken.

The writer is the former lead economist of the World Bank's Dhaka office

Southeast Bank sends its MD on forced leave

STAR BUSINESS REPORT

Southeast Bank has sent its managing director, Nuruddin Md Sadeque Hossain, on three months' forced leave, effective from Monday.

The private commercial bank's officials told The Daily Star that the new board of directors had decided to conduct an audit into alleged irregularities that took place during the tenure of its former chairman, Alamgir Kabir.

Sadeque was sent on leave to investigate his involvement in those irregularities, they added.

Deputy Managing Director Abidur Rahman Chowdhury will take charge as managing director in addition to his present assignment during Sadeque's absence.

Within a month of the political changeover in August last year, the Alamgir Kabir era at Southeast Bank, which lasted nearly 20 years, was over.

The bank's board elected M A Kashem, the founding chairman of the bank, as chairman in September.

In 2021, five founder directors of the bank raised allegations of irregularities against Kabir.

They had sent a letter to then Bangladesh Bank Governor Fazle Kabir, stating that the bank's deposits were in danger because the chairman was engaged in corruption, fraud, and money laundering.

The founder directors also said other directors and shareholders were "very annoyed" by Kabir's monopolistic power.

The Daily Star tried to contact the bank's incumbent chairman Kashem and managing director Sadeque, but neither responded to phone calls till the filing of this report.

Since the political changeover, more than half a dozen banks have sent their managing directors on forced leave ahead of audits in line with central bank instructions.

RAK Ceramics slips into losses in Q1

STAR BUSINESS REPORT

RAK Ceramics (Bangladesh) Ltd, one of the leading ceramics manufacturers in the country, fell into losses in the first quarter of the financial year 2025 due to higher raw material and manufacturing costs.

The ceramics maker posted a loss of Tk 2.53 crore in the January-March quarter, a sharp reversal from a profit of Tk 4.62 crore in the same period of 2024, according to its financial statement. The first-quarter loss of 2025 follows RAK Ceramics' loss of Tk 2.73 crore in the financial year 2024.

The company's revenue dropped 17 percent year-on-year to Tk 146.89 crore in Q1.

RAK attributed the decline in sales to reduced demand for ceramic products during the month of Ramadan.

The company's gross profit margin slightly fell to 20.48 percent from 21.47 percent due to rising raw material and manufacturing costs.

Finance expenses also increased as RAK borrowed from banks to meet additional working capital requirements, it said.

Its consolidated loss per share stood at Tk 0.06 for January-March 2025, compared to earnings per share of Tk 0.11 a year earlier.

The company's consolidated net operating cash flow per share turned negative at Tk 0.15 during the period, down from a positive Tk 0.83 in the same quarter last year.

RAK said higher purchases of raw materials for additional production led to greater cash outflows than collections from receivables, adversely affecting cash flow.

According to Dhaka Stock Exchange data as of March 31, 2025, sponsors and directors held 72.08 percent of the company's shares, institutional investors held 16.99 percent, foreign investors 0.16 percent, and the general public 10.77 percent.

Crisis-hit Maldives secures \$8.8b Qatar investment

AFP, Colombo

Cash-strapped Maldives has signed a deal with a Dubai-based company to establish an \$8.8 billion investment zone aimed at diversifying the tourism hotspot into a "financial freezone", the government said Monday.

Three residential and office towers, a convention centre and hotels will form part of the Maldives International Financial Centre (MIFC), President Mohamed Muizzu's office said in a statement.

"It will... position Male as the premier global business and financial hub in the Indian Ocean," the statement said, adding it would allow the Indian Ocean archipelago to "diversify beyond tourism".

The \$6.5 billion economy of the Maldives has been facing foreign exchange shortages since the Covid-19 pandemic and has been warned of a potential foreign debt crisis.

The announcement followed an agreement signed late Sunday with MBS Global Investments, a company owned by wealthy Qatari Sheikh Nayef bin Eid Al Thani.

The MIFC zone will have no residency requirements and offer "no corporate tax, tax-free inheritance...and privacy" the statement added.

It is set for completion by 2030 with its projected revenue "to be well over \$1 billion by the fifth year", according to the government.

In February, the IMF said the Maldives required "urgent and stronger" fiscal consolidation to stabilise its troubled economy, despite a thriving tourism industry.

The upmarket holiday destination expects its economy to grow by five percent in 2025, but the IMF warned that the sunny outlook masked significant risks.

REUTERS

US President Donald Trump's tariffs are increasingly clogging up the wheels of a world economy which for decades were greased by predictable and relatively free trade.

Big-name multinationals right down to niche e-commerce players last week cut sales targets, warned of job cuts and reviewed their business plans, while major economies revised down growth prospects amid bleak data read-outs.

While financial markets are betting the US and China will pull back from an all-out trade war and that Trump will cut deals to avert higher tariffs on others, the sheer uncertainty of where this ends has become a major drag factor in itself.

"US tariff policy is a serious negative shock for the world in the near term," said Isabelle Mateos y Lago, group chief economist at French bank BNP Paribas.

"The US tariffs end-game may be further away and at a higher level than previously thought," she said of blanket US tariffs currently set at a baseline of 10 percent alongside higher, sector-specific charges on products such as steel, aluminium and autos.

Beijing said on Friday it was evaluating

an offer from Washington to hold talks over 145 percent US tariffs, to which it has responded with 125 percent levies. Trump's administration has also suggested it is close to deals with countries including India, South Korea and Japan to avert more tariffs in weeks to come.

In the meantime companies such as

Swedish appliances maker Electrolux slashed its outlook while Volvo Cars, computer gadget maker Logitech and drinks giant Diageo abandoned their targets on the uncertainty.

Last week's removal of the "de minimis" duty-free treatment of e-commerce packages worth less than \$800 for



People visit the Yiwu International Trade Market in Yiwu, China's eastern Zhejiang province, on April 10. Big-name multinationals right down to niche e-commerce players last week cut sales targets, while major economies revised down growth prospects amid bleak data read-outs.

PHOTO: AFP