

Akij Food to raise Tk 500cr thru zero-coupon bond

STAR BUSINESS DESK

Akij Food and Beverage Limited (AFBL), a concern of Akij Venture Limited, has initiated the process to raise Tk 500 crore for the company's expansion through the issuance of a zero-coupon bond.

Structured to deliver an attractive return, the five-year bond is intended to support the company's ongoing expansion by enhancing trade operations, improving cash flow management, and diversifying funding sources beyond traditional bank financing.

This strategic move not only underscores the company's forward-looking financial approach but also introduces a secure and innovative investment instrument for Bangladesh's expanding investor community.

A signing ceremony for the arrangement agreement was held recently at AFBL's head office in Dhaka, according to a press release.

Sk Shamim Uddin, managing director of AFBL, signed the agreement as issuer with Md Minhaz Zia, chairman of North Star Investments, who acted as arranger.

NBR officials postpone protests

STAR BUSINESS REPORT

Employees of the National Board of Revenue (NBR) yesterday postponed their pen-down strike after the top authority of the interim government invited them for a discussion over their demands to repeal the new Revenue Policy and Revenue Management Ordinance, 2025.

The meeting is scheduled to take place today, with several advisers, including Finance Adviser Salehuddin Ahmed, expected to attend, according to a statement from NBR officials.

"We have always maintained our readiness for dialogue. Our delegation will participate in the discussion in good faith, hoping for meaningful progress," the statement reads.

The next course of action will be announced based on the progress of the discussion, it said.

The development came after five consecutive days of pen-down strikes by NBR officials under the banner of the "NBR Reform Unity Council".

The interim government issued the ordinance on May 12, prompting protests.



In the face of rising edible oil prices, oilseed cultivation has become more popular among farmers in the southern regions of the country. Sunflowers are the preferred choice in Barguna, with yields reaching at least 2 tonnes per hectare and each kilogramme of seeds producing up to 400 grammes of oil.

PHOTO: SOHRAB HOSSAIN

Oilseed cultivation surges amid high edible oil prices

SUSHANTA GHOSH and SOHRAB HOSSAIN

With frequent volatility in edible oil prices in the local market, farmers across the southern region are increasingly turning to oilseed cultivation – both to meet household needs and as a commercial venture.

In the last three years to 2024, oilseed cultivation in Barishal increased by 44.7 percent, while their yield rose by up to 54 percent, according to data from the Department of Agricultural Extension (DAE).

Oilseed acreage rose to 80,174 hectares last year, up from around 61,636 hectares in the fiscal year (FY) 2022.

During this period, mustard cultivation increased by 56.89 percent to 17,055 hectares, according to data from the DAE's field monitoring wing in the Barishal region.

Similarly, the cultivation of groundnuts rose by 4.45 percent and sunflower by 112 percent.

In the Barishal division alone, soybean cultivation experienced a 60 percent hike in only three years, reaching around 67,956 tonnes on 43,072 hectares in 2023–24.

Meanwhile, mustard was grown on 17,055 hectares of land, groundnuts on 19,137 hectares, sesame on 982 hectares, and sunflower on 8,724 hectares in the division.

In Barguna, sunflower cultivation has seen the highest rise among all oilseeds.

Farming of sunflowers grew by 224 hectares over the past three years, reaching 3,600 hectares this year, said Badarul Amin, additional agriculture extension officer of the district.

"Sunflowers grow well in saline-prone soil

at relatively low cost, which contributed to the expansion," he said.

Meanwhile, in the coastal district of Patuakhali, oilseed cultivation has grown by 42 percent since the fiscal year 2020–21.

According to the DAE Patuakhali, over 2,000 farmers cultivated oilseeds on 11,132 hectares of land in the 2024–25 growing season, up from only 7,811 hectares in the 2020–21 season.

Md Rabi Faisal, a sub-assistant agriculture officer in Dashmina upazila, said sunflower yields at least 2 tonnes per hectare and produces up to 400 grammes of oil per kilogramme.

In the Barishal division alone, soybean cultivation experienced a 60 percent hike in only three years, reaching around 67,956 tonnes on 43,072 hectares in 2023–24

"With proper technology and guidance, oilseed farming can significantly boost the regional economy," he said.

Rabeya Begum, a sunflower farmer from Kalapara upazila, said, "My land was fallow for a decade, and it was only used during the monsoon for paddy. In the dry season, it remained unused due to salinity."

"This year, I grew sunflowers on 66 decimals of land. The crop has done very well. I expect to earn Tk 30,000–Tk 35,000 after meeting my family's needs."

Hashem Munshi, another farmer from Galachipa, added, "Due to rising edible

oil prices, our household expenses have gone up. So we're now cultivating more sunflowers not just for our own use, but also for profit."

Mehedi Hasan, a farmer from Bauphal, said he cultivates both mustard and sunflower to meet household needs and for sale.

"I extract and sell around 450 litres of sunflower oil at Tk 350 per litre and 200 litres of mustard oil at Tk 230 per litre annually," he said.

Md Aminul Islam, Patuakhali's agriculture marketing officer, said, "We connect farmers with edible oil companies to help them sell their produce easily, encouraging them to grow more oilseeds."

Gokul Chandra, human resources officer at Barishal-based Amria Company, a sesame oil marketing firm, said, "We previously relied on traditional oil extraction using seeds bought from the market. Now, we are installing automated machines for oil production."

Md Nazrul Islam, deputy director of the DAE Patuakhali, said sunflower cultivation alone has created the potential to produce sunflower oil worth Tk 400 crore.

"We've also distributed oil-extracting machines to farmers free of cost," he added.

Md Nazrul Islam Sikder, additional director of the DAE Barishal region, said the government has taken steps to reduce edible oil imports by 40 percent.

"As part of that initiative, oilseed cultivation has grown significantly across the country – especially in the southern region, where it has increased significantly over the last three years."

Fallacies in financial reporting in Bangladesh

AF NESARUDDIN

Credible financial reporting is a matter of public confidence, yet in many cases, it has failed to meet expectations, especially in recent times. Debates and discussions have taken centre stage, with arguments and counterarguments being fervently exchanged. Let us revisit the fundamentals.

Financial reporting has gained significance, especially when management, owners, and other stakeholders are distinct entities. To standardise the reporting framework, standards such as International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been adopted alongside country-specific regulations. Besides, the United States Generally Accepted Accounting Principles (US GAAP) apply to entities within that jurisdiction. This uniform framework is designed for the benefit of investors and stakeholders, especially in the context of cross border investments.

It is worth noting that financial statements, including explanatory notes and auditors' reports where applicable, are very important sources of information upon which financial decisions, such as investment or disinvestment, are based globally.

It is a universally accepted practice that management bears primary responsibility for preparing and presenting financial statements and ensuring reliable financial reporting. Auditors, on the other hand, form an independent opinion on the fairness of these financial statements, based on the audit and the management's representations, as outlined in the International Standards on Auditing (ISA).

Unfortunately, in instances of financial misreporting, blame is often, and sometimes unjustifiably, directed at auditors. In some cases, regulatory interventions that disregard established financial reporting frameworks and principles have further compounded the problem. This has been observed in banks and non-bank financial institutions (NBFI) when making provisions for bad and doubtful loans. Similar interventions have been made in mutual funds and merchant banks in dealing with margin loans.

The pertinent question now is why the quality and authenticity of financial reporting are being questioned and who is principally accountable. What often goes wrong is an absence of clarity regarding the respective roles of financial statement preparers and auditors.

In essence, management is responsible for preparing credible financial statements free from material misstatements and omissions. Auditors, in turn, must provide an opinion on those financial statements, free from material misstatements and gross negligence in the audit process.

People often confuse terms like audit, special audit, review, investigation, fraud examination, and forensic audit. However, forming an opinion on the fairness of financial statements is distinct from other verification exercises, each of which has its own objectives, methodologies, and outcomes. Thus, the roles of management and auditors must be clearly defined and understood within the context of financial reporting standards and frameworks.

Regulatory bodies must be adequately knowledgeable about the respective roles of preparers and auditors. Users of financial statements should also possess a reasonable level of financial literacy. The involvement of professionals is essential in assessing the quality of financial reporting. In this regard, the Financial Reporting Council (FRC) has a greater role to play in involving the right professionals to oversee and enhance the quality of financial reporting.

In Bangladesh, poor financial reporting has, in several instances, deceived stakeholders. Both preparers and auditors should be held accountable for their respective failures. Management should be penalised for material misstatements and omissions, while auditors should be held responsible for material misstatements and gross negligence in the audit process. Until such accountability is enforced, the practice of presenting substandard financial statements will persist, negatively affecting the economy, particularly in terms of revenue collection.

While auditing is undoubtedly important, greater emphasis should be placed on the accurate preparation of financial statements. Good corporate governance is also instrumental in ensuring transparency in financial reporting.

The writer is a senior partner of Hoda Vasi Chowdhury & Co and past president of Institute of Chartered Accountants of Bangladesh.



China factory output beats forecasts

AFP, Beijing

Factory output in China grew at a faster rate than expected last month, official data showed Monday, weathering a brutal trade war with Washington.

Industrial production in the export powerhouse grew 6.1 percent on-year in April, according to figures published by the National Bureau of Statistics (NBS).

The reading was higher than the 5.7 percent forecast in a Bloomberg survey, but still lower than the 7.7 percent jump recorded for March.

"The national economy withstood pressure and grew steadily in April," the NBS said, acknowledging a "complex situation of increasing external shocks and layered internal difficulties and challenges".

China and the United States last week agreed to slash sweeping tariffs on each other's goods for 90 days, raising hopes the global economy can avoid a major downturn.

In addition to heightened trade tensions, Beijing has also been battling a persistent slump in domestic spending, threatening its official growth target for this year of around five percent.

Data on Monday showed retail sales, a key gauge of domestic demand, grew 5.1 percent year-on-year last month, short of the 5.8 percent growth forecast by Bloomberg. The reading also marked a slowdown from March's 5.9 percent growth.

Meanwhile, China's surveyed unemployment rate edged down slightly to 5.1 percent, from 5.2 percent in March, according to the NBS.

"Economic activities softened only marginally in April as exports stayed resilient despite higher US tariffs," Zhiwei Zhang, president and chief economist at Pinpoint Asset Management, wrote in a note.

The post-truce state of US-China trade looks dire

REUTERS, Hong Kong

Markets appear to be writing off the latest Sino-American trade conflict as quickly as they priced it in. China's benchmark CSI 300 index is up 1.4 percent this year, marking a full recovery from its sharp drop in early April after President Donald Trump announced a 34 percent reciprocal tariff on Chinese goods, which swiftly spiralled into triple-digit retaliatory levies. The latter has been cancelled and the former suspended for 90 days, leaving the official reciprocal charge at 10 percent, level with other countries.

In reality, it's much higher. Beijing's burden was already heavier, having started out Trump's second term with effective tariffs of roughly 11 percent incurred during his previous trade war. Almost immediately, the White House then slapped another 20 percent on Chinese goods, citing concerns over fentanyl. That, stacked atop the other blanket levies, brings the country's total to more than 40 percent.

The administration did carve out some exemptions for smartphones, computers and other electronics. Factor in both those but also new global tariffs on products like steel, and the effective rate

is almost 32 percent, per Fitch. That's far higher than the global average of about 13 percent, the rating agency estimates.

Optimists may take heart from the speed with which Beijing and Washington scrapped the retaliatory levies. So

far, though, aside from a modest and preliminary pact with the UK, there is little indication that US discussions with its other trading partners are yielding much real progress ahead of their 90-day deadline in early July.

Worse, the electronics carve-out on April 13 was followed the next day by a national security probe into semiconductor imports. If that ends up shrinking the loophole and pushing the effective rate on China higher, it will complicate already fraught trade talks.

Those with skin in the game don't expect a quick deal restoring the status quo ante. Apple intends to shift production of most US-bound iPhones to India, Reuters reported last month. Last week, Allan Wong, CEO of Hong Kong's Vtech – one of the world's largest toymakers and a supplier for Walmart – told the Financial Times that he planned to shift all production for the US market out of China by the end of next year.

Other manufacturers previously battered by protracted uncertainty during Trump's 2018-2020 trade war are planning similar moves, Nikkei and others have reported. Traders may be betting on a quick resolution, but that's at odds with the dire situation on the ground.

The effective US tariff rate on imports from China currently stands at 31.8 percent, per a report from ratings agency Fitch on May 13, the highest of any trading partner.



People browse for iPhones at an Apple store in the Huangpu district in Shanghai on April 11, 2025.

PHOTO: AFP