

star BUSINESS



Liabilities at state entities dwarf liquid assets

Tk 1.72 lakh crore owed by 14 state firms with little in hand

STAR BUSINESS REPORT

Liabilities at 14 "very high risk" state-owned enterprises are more than 60 times greater than their liquid assets, a severe financial imbalance that prompted warnings of systemic risk, according to an official analysis.

The entities have amassed combined liabilities of Tk 172,016.94 crore while holding a mere Tk 2,837.23 crore in cash and equivalents, the Finance Division disclosed in a statement on Sunday. The vast gap has warranted calls for immediate intervention.

"This imbalance poses serious fiscal risks and requires immediate policy attention," said Md Amirul Islam, a senior official at the Finance Division's Monitoring Cell, during a presentation on the findings.

The analysis was unveiled at the launch of the SABRE+ system, a new digital platform aimed at enhancing financial oversight and debt management for public bodies.

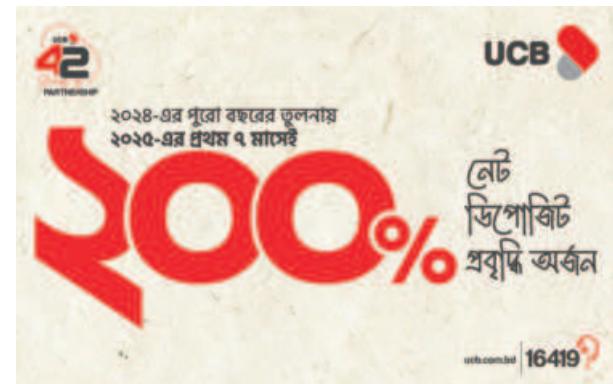
The system is designed to integrate with the government's core financial database, iBAS++, to promote greater transparency.

The disclosure highlights the precarious financial health of key public sector institutions and the potential need for future government bailouts, which could place a significant burden on the national budget.

The fiscal vulnerability is not confined to the 14 high-risk institutions.

The report detailed the broader financial landscape across 101 state entities, which together face total liabilities of Tk 639,782.58 crore, with 26 percent tied to subsidiary loan agreements.

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JAGARAN CHAKMA

The country's exports rose to \$4.77 billion in July, up nearly 25 percent from \$3.82 billion a year earlier, according to the Export Promotion Bureau (EPB), marking the highest monthly earnings from merchandise shipment since November 2022.

Key contributors to the growth in the first month of the new fiscal year included pharmaceuticals, leather goods, engineering products and an increase in ready-made garments (RMG) shipments.

Frozen fish, vegetables and tobacco also performed well, while tea and glassware exports fell.

This development came just a day after the Bangladesh Bank reported a 29 percent year-on-year increase in remittance income in July, maintaining buoyancy as more than 40 lakh Bangladeshis have gone abroad for work over the past four years.

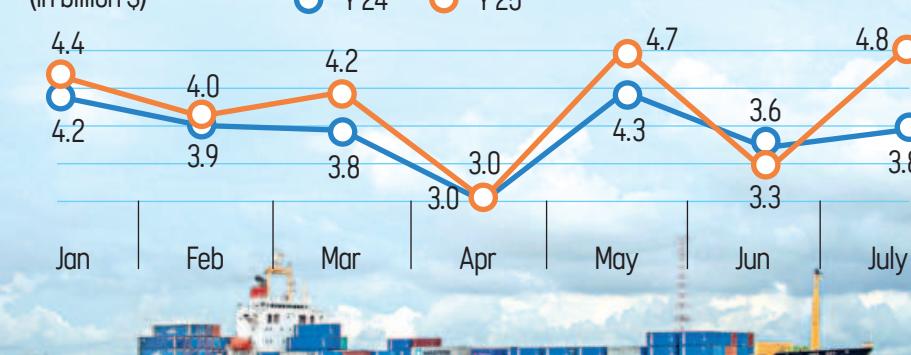
After the political changeover in August last year, exports and remittances together have helped ease pressure on the foreign exchange reserve.

The country's external balance returned to surplus in the recently concluded fiscal year 2024-25, following three years of persistent deficits.

Anwar ul-Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries (BCI), said the export growth did not come from exceptional demand or from front-loading, a practice where exporters rush shipments in anticipation of tariffs or

Bangladesh monthly shipment

(In billion \$) ○ Y'24 ○ Y'25



SOURCE: EPB

PHOTO: RAJIB RAIHAN

other supply chain issues.

"The nearly 25 percent export growth in July was not a response to looming American tariffs, but rather a result of seasonal factors and a low base in that month last year," said the business leader.

He pointed out that political unrest in July last year had disrupted production, with many factories unable to operate fully. "This year, production did not face similar incidents," he said.

"So, the growth reflects a seasonal rebound rather than extraordinary demand."

Although the July figures appear promising, Parvez urged caution. "US and European buyers are still hesitant. Some were holding back orders until early August."

He added that exports might fall in August and September, typically a lean period. "Things should begin improving again from October."

Parvez also talked about the potential impact of the United States reducing reciprocal tariffs to 20 percent from 35 percent. He said there was no immediate effect.

"But, if retail prices rise by even \$2 to \$3, hypermarkets like Walmart and Target may cut volume. Sales could drop 30 percent to 35 percent."

Most current shipments are part of the winter collection and are expected to continue through mid-August. Summer and Christmas

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Banks asked to clearly mention dissent in meeting minutes

STAR BUSINESS REPORT

Bangladesh Bank (BB) has asked banks to clearly mention any dissenting or differing opinions expressed by board members in the minutes of meetings of the boards of directors and supporting committees.

The central bank yesterday issued a notice in this regard to enhance transparency and accountability in the activities of boards of directors of banks and their supporting committees.

The banking regulator said many banks are failing to properly record "notes of dissent" in meeting minutes, and in several cases, discussions on agendas and the opinions of board members are not accurately reflected.

To address this, the regulator said any differing opinion, observation, or dissent raised by directors on agenda items presented during board or committee meetings must be clearly included in the meeting minutes.

All observations and recommendations discussed during board or committee meetings must be properly documented, it added.

If any director submits a "note of dissent", it must be fully recorded in the minutes, stated the notice, adding that if any observer from Bangladesh Bank is present during the meeting, their observations must also be documented.

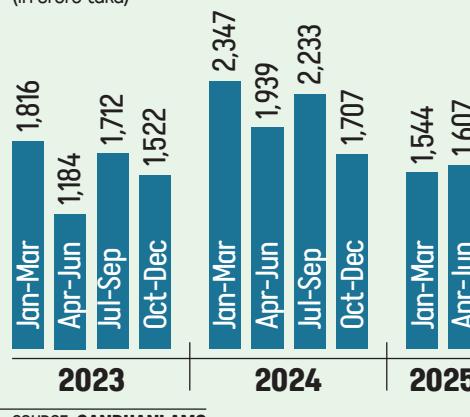
It was also mentioned that other relevant instructions from previous circulars will remain unchanged.

The directive will come into effect immediately, read the notice.

Listed MNCs see 17% drop in profit as inflation bites

Combined profits of listed MNCs

(In crore taka)



AHSAN HABIB

Most listed multinational companies (MNCs) in Bangladesh reported a sharp drop in earnings for the April-June quarter as persistent inflation weighed on consumer spending and raised operating costs, squeezing profit margins across sectors ranging from tobacco and footwear to electronics.

Combined net profits of 14 listed MNCs fell 17 percent year-on-year to Tk 1,607 crore during the second quarter, despite logging a 6 percent growth over the last quarter, according to stock exchange filings.

Analysts attributed the downturn to slowing demand, rising finance costs and continued pressure on input prices.

"Not only multinationals, but corporate earnings overall were also dry, except in banking, due to a slowdown in the economy," said Shahidul Islam, chief executive officer of VIPB Asset Management.

The central bank is following a contractionary monetary policy to contain demand so that inflationary pressure drops. It's working, but aggregate demand has fallen as a result, impacting the topline or sales of corporates," said Islam.

The Bangladesh Bank has maintained a contractionary monetary policy to rein in inflation. Annual average inflation rose to 10.03 percent in June from 9.73 percent a year ago.

"When companies' sales drop, it ultimately squeezes their profits. Moreover, costs of doing business rose through higher finance

costs as interest rates in the banking sector rose, which coupled with the bottom line of the companies," said Islam.

Major listed players, including Bata Shoe and Singer Bangladesh, incurred losses in the quarter, while they were in profit during the same period of the previous year. RAK Ceramics remained in loss.

Bata reported a loss of approximately Tk 10 crore for the April-June quarter, as sales declined sharply following the widespread disruption and damage to several of its retail outlets, the company said in its half yearly financial reports published on July 30.

The Bangladesh Bank has maintained a contractionary monetary policy to rein in inflation. Annual average inflation rose to 10.03 percent in June from 9.73 percent a year ago

The listed multinational shoe producer's sales plummeted by 39 percent to Tk 158 crore in the quarter. The company had logged profits of Tk 19 crore in the same quarter last year.

"Several retail locations were affected by acts of vandalism, which disrupted operations and had a material impact on financial performance," said the company regarding the quarterly loss.

Singer Bangladesh posted a Tk 31 crore loss, compared with a Tk 25 crore profit in

the same quarter last year.

The home appliance and electronics retailer said rising costs for advertising, warranty claims, bank charges and demurrage costs for shipping detention hurt margins.

Its net finance costs almost tripled due to higher short-term borrowing costs and a 4.2 percent depreciation of taka against the euro since May added to its finance burden.

Singer said while its sales volumes improved, it was unable to raise selling prices enough to offset higher product costs.

Unrealised exchange losses on intercompany loans from its Turkish parent Acelik also weighed on the bottom line.

The loans were used to finance a new manufacturing plant in the Bangladesh Special Economic Zone, due to become operational by year end.

The company, however, expects the investment to improve its profitability starting from the end of 2025.

The British American Tobacco Bangladesh Co Ltd also reported an 81 percent year-on-year profit decline to Tk 97 crore in the second quarter, citing lower sales volumes, inflation-adjusted cost increases, and impairment charges related to the closure of its Dhaka factory site.

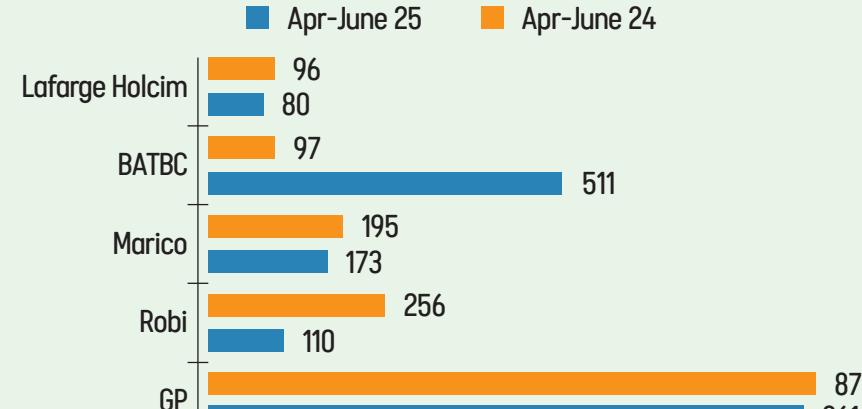
RAK Ceramics in its price-sensitive statement for the quarter said that its revenue rose by 15 percent to Tk 163 crore, however, it incurred a loss of Tk 18.50 crore, 18 times higher than the loss recorded in the same quarter of the previous year.

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Top five profit making MNCs

(In crore taka)

Apr-June 25 Apr-June 24



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Financial sector saved from edge of collapse: Finance adviser

STAR BUSINESS REPORT

Steps taken over the past year helped steer the financial sector back towards stability from the edge of collapse, said Finance Adviser Salehuddin Ahmed yesterday.

He, however, acknowledged that a full transformation has not yet come about and that more time was needed.

The past Awami League-led government had pushed the country's financial sector into such a deep, almost unimaginable crisis, he told a discussion at the Bangladesh Bank (BB) headquarters marking last year's July uprising day.

Ahmed, also a former BB governor, said financial reforms take time and corruption and mismanagement were deeply rooted in institutions, processes, and individuals within the financial sector.

"However, there are some honest and capable people, and we are trying to carry out reforms through them," he said.

"It would not be wrong to say that we have already moved from the ICU to a cabin, and now from the cabin to home," he added.

Ahmed said the BB's role has been crucial in restoring stability in the financial sector.

"We are here only for a short time, to lay down a roadmap. The next government will follow that path and fully help the economy recover," he said.

"We will not forget the sacrifices of the July martyrs. The aspirations of August 5 will be realised in the financial sector," said BB Governor Ahsan H Mansur, urging the finance ministry to extend full cooperation.

"We seek the cooperation of every official in bringing qualitative change to the banking sector. Ensuring depositors' safety will be the first priority," he said.