

Dhaka stocks fall for fourth day

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange ended yesterday's trading lower, extending its losing streak for the fourth consecutive day.

The DSEX, the main index of the bourse, declined 57.03 points, or 1.05 percent, to settle at 5,351.03.

The other indices also posted negative performances before the end of the day's trading. The Shariah-compliant DSES fell 0.69 percent to 1,162.35, while the DS30, comprising blue-chip shares, dropped 1.48 percent to close at 2,066.64.

However, turnover, a key gauge of investor participation, rose to Tk 760.64 crore, up from Tk 706.40 crore in the previous session.

A total of 228,460 trades were executed, while block transactions amounted to Tk 47.36 crore across 30 scrips.

Market breadth was negative, with 109 stocks advancing, 247 declining, and 45 remaining unchanged. Among A category scrips, 52 gained, 148 lost, and 22 remained unchanged.

In the B-category, 38 stocks rose and 38 fell, while one issue was unchanged in the N-category.

Segment-wise performance was mixed. In mutual funds, three issues advanced and 18 declined.

Corporate bonds saw one issue advance, while the government bond market saw four issues decline.

Among individual performers, Apex Tannery topped the gainers' list with a 10 percent surge, while AIBL 1st Islamic Mutual Fund was the worst performer, dropping 9 percent.

Gold futures hit record on US tariff shock

AFP, New York

Gold futures hit a record high Friday following reports of an unexpected tariff on the precious metal as global stocks finished the week on a mixed note.

Wall Street enjoyed a sunny Friday led by the tech-rich Nasdaq Composite Index, which posted a second straight record, part of a buoyant session in New York amid optimism over artificial intelligence and less uncertainty over trade policy.

READ MORE ON B2

State-run sugar mills post over Tk 500cr in losses for 5th year



Production & Stock

Output in FY24: **46,200 tonnes** | Unsold stock (Aug 2025): **35,000 tonnes** | Production accounts for **2%** of annual demand

Revival Plans

PPP proposals from UAE's Sharkara International, Thailand's Sutech Engineering, and Japan's Marubeni Protechs | Review of feasibility study underway

Loss trend in 15 mills

Tk **508.24** crore in FY24 | Peak loss of Tk **1,036** crore in FY21

Major bottlenecks

- Outdated machinery; Overstaffing
- Low-yield sugarcane (recovery rate **5.5-6%** vs global **10-12%**)
- Production cost Tk **260/kg**
- Sale price Tk 125/kg → Loss of Tk **135** per kg
- Private brands sell for Tk **110-115/kg**



JAGARAN CHAKMA

Bangladesh's state-run sugar mills have collectively posted an annual loss of over Tk 500 crore for a fifth consecutive year, despite repeated cost-cutting measures, including the shutdown of the major loss-incurring ones five years back.

The net loss was Tk 508.24 crore in fiscal year (FY) 2023-24, according to the latest financial statement of the Bangladesh Sugar and Food Industries Corporation (BSFIC).

The amount is slightly lesser than the Tk 556.34 crore loss incurred in the previous year.

The losses had peaked at Tk 1,036 crore in FY 2020-21, the first year after the government shut six loss-incurring mills out of 15 in December 2020 for "modernisation".

The closures in Pabna, Shyampur, Panchagarh, Setabganj, Rangpur, and Kushtia were meant to pull the brakes on the downward trend.

However, weighed down by obsolete machinery, overstaffing, and low-yield sugarcane, the sector's has a long way to go to make a recovery.

The global sugarcane recovery rate—the percentage of sugar that can be extracted from a given quantity of sugarcane—averages at 10 percent to 12 percent.

Bangladesh's mills achieve just 5.5 percent to 6 percent.

The BSFIC data shows production costs to be Tk 260 per kilogramme (kg).

Yet sugar is sold at Tk 125, a loss of Tk 135 on every kg.

Competing private brands sell for Tk 110 to Tk 115, further eroding demand, even as the BSFIC insists its sugar is naturally processed and superior in quality.

This results in the accumulation of unsold stock.

In FY 2023-24, the BSFIC produced 46,197 tonnes, but as of August 2025, nearly 35,000 tonnes remain in warehouses. With annual

domestic demand around 22 lakh tonnes, the BSFIC's share is negligible.

To reduce stockpiles, the BSFIC has proposed partnerships with subsidised government distribution programmes.

"If state agencies bought even 50 percent of our stock for their food channels, they'd get quality sugar and we'd cut our losses," a BSFIC official said on condition of anonymity.

Among the nine active state-owned mills, Rajshahi Sugar Mills posted one of the heaviest losses of Tk 66 crore in FY 2023-24.

North Bengal Sugar Mills, once the worst performer, cut its losses from Tk 113 crore in FY 2020-21 to Tk 38 crore in FY 2023-24.

Mobarokganj Sugar Mills, however, saw losses climb back to Tk 70 crore after previous improvements.

Only the Carew & Company posted a profit of over Tk 85 crore in FY 2023-24, reflecting a 32 percent year-on-year growth.

However, the profit came only through sales of its distillery business. Its sugar unit incurred a loss of over Tk 60 crore.

Among the closed ones, Setabganj, Rangpur, and Kushtia limited their deficits to less than Tk 30 crore each.

Md Saifullah, chief of the BSFIC's planning and development, credited the reduction in deficits to curtailed operations, workforce rationalisation, and reduction in global sugar prices.

Yet he admitted that there were structural problems.

"We are using outdated machinery to process underperforming crops and expecting a profit. It does not add up," he said.

Beyond the economics, the industry supports rural livelihoods and climate resilience.

Each year, 60,000 to 70,000 acres of sugarcane are cultivated, supporting thousands of farmers and reducing flood risks due to the crop's flood tolerance.

Khandaker Golam Moazzem, research

director at the Centre for Policy Dialogue, has called for urgent restructuring, citing persistent losses and negligible market impact despite heavy subsidies.

He recommended shutting down all loss-making mills, retaining only the profitable Carew & Co (Bangladesh) Ltd and commissioning an international audit of the BSFIC's assets and liabilities.

"Unused assets should be sold to clear debts and land titles, paving the way for alternative industrial uses, such as export-oriented manufacturing, domestic industries, or integration into economic and export processing zones," he suggested.

"Providing affordable, dispute-free land to entrepreneurs would boost investment and industrial diversification," Moazzem said.

The goal, he noted, is to reduce subsidies and losses, ensure optimal use of public resources, and foster a competitive, sustainable industrial base.

Saifullah echoed this view, warning that "short-term fixes won't work" and called for coordinated, long-term planning.

A senior industries ministry official, requesting anonymity, said, "The government has considered closing chronically loss-incurring mills or leasing them to private operators. But political and labour resistance has stalled reforms. With elections approaching, significant restructuring appears unlikely."

Meanwhile, the interim government is revisiting a stalled 2019 plan with UAE-based Sharkara International, Thailand's Sutech Engineering, and Japan's Marubeni Protechs to modernise six shuttered mills under public-private partnerships.

The proposal follows the collapse of a controversial 2023 deal with S Alam Group after political upheaval.

A June 26 meeting at the Chief Adviser's Office decided to review a feasibility study prepared by the BSFIC and Sutech Engineering before moving forward.

From good enough to world-class

KAISER KABIR

In late 2014, a cheerful octogenarian in a wheelchair rolled into a pharmaceutical factory in Rajendrapur, Gazipur. As he was escorted from room to room, his demeanour changed markedly. No longer engaging in light conversation, his goggle-eyed expression clearly pointed to a man completely befuddled by his surroundings.

The confusion was not due to dementia, for his mental faculties were functioning admirably. Having been a stalwart of the pharmaceutical industry from 1965 to 1994, a medicines factory ought to have been familiar territory. Yet it clearly was not.

Something really big had happened since his active days in the industry. A wondrous transformation.

The man in the wheelchair, Syed Humayun Kabir, founder chairman of Renata PLC, was no stranger to state-of-the-art technology. The factory he had built atop a hillock in Mirpur, Dhaka, during the last days of East Pakistan, had continued to be a centre of excellence well into the 1990s. Yet, at the turn of the century, things had changed even more dramatically.

At Rajendrapur, the sophisticated machines impressed him, but it was the futuristic aura that inspired awe. Spotlessly clean floors and walls, fresh air flowing through HEPA filters, spacious corridors leading to pressurised rooms with airlocks, workers dressed in spacesuits.

As the tour ended, tears of happiness rolled down his cheeks. He realised that Renata had become one of several Bangladeshi pharmaceutical companies with world-class manufacturing capabilities.

The real revolution in the sector, however, has been in quality assurance. Since the early 1990s, global manufacturing practices have shifted towards embedding quality control at every stage, from product development to the distribution of finished products. Quality is no longer an afterthought; it is woven into the process.

In the 1980s, quality control was minimal. A small laboratory would run a few tests to confirm whether the product contained the correct dosage or dissolved properly in the body. Stability was checked to ensure products remained effective until the expiry date. These measures were sufficient for the time, and the cost of quality assurance was negligible, almost a rounding error for most companies.

That is no longer the case.

Quality now covers far more ground. In addition to numerous tests for efficacy, there are multiple considerations relating to safety, replicability and traceability.

The result is that quality is now a major expense. For Renata, just the variable costs of quality assurance account for nearly 23 percent of factory running expenses. This excludes capital investments, amounting to hundreds of crores of taka, directly tied to maintaining quality.

Despite this drastic shift in costs, policymakers remain largely unaware. This fuels persistent criticism of the industry, especially over high prices and alleged profiteering. Under the current Interim government, the rancour has reached a fever pitch. Many still believe the 1980s cost structure applies, leading to inflated perceptions of profitability and misunderstandings about actual costs. This has triggered public calls for lower prices — understandable but not grounded in reality.

The truth is that medicine prices in Bangladesh are among the lowest in the world. Data from multiple sources, published and freely available online, confirm this.

The belief that pharmaceutical companies enjoy huge profits is equally misplaced. Until recently, firms earned about a 15 percent net margin on sales. Today, that figure is closer to 5 percent, due mainly to currency devaluation and rising costs. Yet the government appears set on imposing price controls on a wide range of medicines. The Ministry of Health and Family Welfare has formed a committee to explore the option, but history shows that administered prices lead to shortages and compromised quality. This is why most countries have adopted market-based pricing instead.

The push for price controls is driven by the desire to leave a populist legacy, one where medicine prices are slashed for the public good. But such measures are short-sighted and dangerous.

Visionary market-based policies introduced during the 1992-1994 period played a key role in shaping the dynamic, competitive industry Bangladesh has today, capable of producing high quality medicines at affordable prices.

Reverting to populist measures reminiscent of the low-quality standards of the 1980s would undermine decades of progress and ultimately jeopardise public health in the long run.

The writer is the CEO of Renata PLC



US imports fall in June

REUTERS

Imports into the United States fell more than expected in June as concerns around shifting tariff policies hit retailers, raising fears of fewer product options in stores for shoppers, data from the National Retail Federation showed on Friday.

The data comes as several of US President Donald Trump's sweeping tariffs went into effect this week. As of August 7, duties range from 10 percent to 50 percent, with India, Brazil, and Switzerland facing some of the highest rates.

Since April's "Liberation Day" announcement of a 10 percent baseline tariff, Trump has adjusted rates frequently. A temporary truce with China in May reduced tariffs to 30 percent, but new hikes resumed in July.

US ports covered by NRF's report handled 1.96 million 20-foot containers or its equivalent in June, which was down 8.4 percent year-over-year, but up 0.7 percent from May. That was a bigger drop from the NRF forecast from a month ago. The trade body had then projected ports would handle 2.06 million TEU in June, up 5.9 percent from May but down 3.7 percent year-over-year.

Moreover, import cargo volume at major container ports in the US is tentatively expected to end 2025 5.6 percent below 2024's volume, NRF's forecast showed on Friday.

Apparel retailers, including Under Armour, Deckers Outdoor have reported tariff impacts in the past couple of months and are taking steps to diversify their supply chain to avoid tariffs on goods routed through or sourced from Southeast Asian countries like Vietnam.

"The uncertainty around tariffs has impacted retailers' ability to forecast holiday orders and shipments.

OpenAI's soaring valuation tests investor faith amid AI market uncertainties

REUTERS, London

Investors throwing cash at artificial intelligence face a glaring risk: OpenAI. True, the ChatGPT maker's breakout growth offers plenty to get excited about, with annualised revenue on track to triple this year. But its potential sudden jump from a \$300 billion valuation to \$500 billion, as Reuters reported on Wednesday, implies immense faith in a still-immature business model. If that faith is tested, chatbot makers following in its wake will suffer.

The firm led by Sam Altman ignited the AI frenzy when it launched ChatGPT in 2022. It is now expected to hit 700 million weekly active users in August. Fewer than 10 percent actually pay for monthly subscription plans costing either \$20 or \$200, a person familiar with the matter told Reuters. The hope is that overall adoption grows so rapidly that this small slice covers the cost of responding to queries, which requires vast computational grunt. OpenAI also dominates enterprise adoption, capturing 34 percent of US businesses that pay for AI as of June, according to research firm Ramp. That outpaces rival Anthropic's 10 percent, which is also seeking a new fundraising round at a \$170 billion valuation, according to Bloomberg — nearly triple its last mark in March. Both are notching incredible sales

growth. OpenAI's annualised revenue is on track to hit \$20 billion by year-end, according to Reuters, up from \$5.5 billion last year. Anthropic, buoyed by its model's talent for coding, may hit \$4 billion according to Bloomberg, up from \$1 billion at the end of 2024, as reported by Reuters citing sources.

Whether this justifies the funding frenzy is another matter. Assume the best-case scenario: that these wildly cash-burning businesses achieve a 27 percent free cash flow margin by 2030, in line with Alphabet or Microsoft. Apply a 10 percent discount rate and a 3 percent terminal growth, and OpenAI

and Anthropic's valuations imply revenue of over \$225 billion and \$75 billion in five years, respectively. AI chip darling Nvidia is projected to hit just \$350 billion by then, according to Visible Alpha.

This is a young market, and use cases are vast, but cracks are starting to show. Early struggles and glitches mean 42 percent of companies have scrapped AI deployments this year, up from 17 percent in 2024, according to S&P Global.

That's problematic because AI is all about scale. It's incredibly expensive to both train models and to serve them through the cloud. OpenAI wants to build its own data centers to control costs, but those efforts take time. Meanwhile, moves like giving away free-to-use, "open" models could cannibalize users.

Investors seem to believe that OpenAI and its ilk can outgrow these problems. If Altman stumbles, despite all of his advantages, this load-bearing assumption will collapse. The order of the day is ever-expanding addressable markets, ever-more-grandiose claims about the power of the tech. Without either, the economics just do not work.

ChatGPT maker OpenAI is in early-stage discussions about an employee stock sale that could value the company at about \$500 billion, Reuters reported on August 6, citing a source familiar with the matter. It comes after OpenAI announced a funding round at a valuation of \$300 billion in March.



OpenAI CEO Sam Altman speaks during Snowflake Summit 2025 at Moscone Center in San Francisco, California. OpenAI's annualised revenue is on track to hit \$20 billion by year-end, up from \$5.5 billion last year.

PHOTO: AFP/FILE