

TAMING CORONAVIRUS RAMPAGE

No thirst for soft drinks even amidst hot spell

MAHMUDUL HASAN

The soft drinks industry has been pummeled by the outbreak of coronavirus in Bangladesh at a time when it typically enjoys mounting sales for the rise in mercury.

In April, which is typically marked as the beginning of summer, beverage sales are poised to drop more than 80 per cent, thanks to the countrywide shutdown in a bid to contain the spread of the highly infectious virus.

The shutdown on March 26 prompted the closure of shops, hotels, restaurants, movie theatres, convention and party centres, which are the topmost point of sales for beverages.

"Our sales have come to a near halt," said Md Nahid Yousuf, an assistant general manager for brand at Partex Beverage, the franchisee of Royal Crown Cola (RC Cola).

Sales of RC Cola, which has five variants, is set to come down to less than 20 per cent in April. The previous month, it managed to sell about 30 per cent of the products.

Its popular drinking water brand MUM, which was rolled out in 2001, is not faring any better: its sales nosedived about 70 per cent.

"We paid the salary for March and would do for April too. After that, if this trend continues, it would be hard to pay every staff," he said, adding that Partex Beverage directly employs about 2,500 people.

PepsiCo's popular brands such as Pepsi, 7UP, Mirinda, Slice, Mountaint Dew, Pepsi Diet and 7UP Light have also taken a beating, with its sales crashing to less than 20 per cent.

"Usually, the months of March, April and May see a spike in sales. Now, the whole economy is down and the country's carbonated soft drink (CSD) market plunged," said a senior official of Transcom Beverage, the exclusive PepsiCo franchisee for Bangladesh.

However, its drinking water brand Aquafina's sales have suffered less than the



ZINA TASREEN

others, he said requesting not to be named as he is not authorised to speak with the media. According to the insiders, the industry has tremendous potential in Bangladesh as it grows along with the economy.

The annual per capita consumption of soft drinks in Germany is 450 bottles, 550 in the US and 600 in Mexico.

But in Bangladesh, it is only 17 as of 2018, said a top official of Transcom Beverage.

Bangladesh also lags behind its peers in Asia: in India, it is 25 bottles, Vietnam 45 and Sri Lanka 40.

Transcom Beverage has not laid off any of its staff and even provided advance salary to some of its employees who work in the field so that they do not face any problem in running their family expenses, the senior official added.

Pran, which has a wide range of beverage lines, also saw dwindling sales from March. "We have a range of products and many of

them are manufactured targeting the village population. But now rural distribution is getting harder due to the shutdown," said Nurul Afsar, head of corporate brand at Pran RFL Group.

The company's beverages sale would nosedive in April.

Sales of beverages surge during Eid festivities.

"But this year will be a different one. I see a bleak future," Afsar said.

The global pandemic is also affecting the company's beverage export to India, the Middle East, Nepal and other countries.

He projects that beverage exports would fall nearly 40 per cent year-on-year in April.

"Due to coronavirus, we are receiving less export order. Now, in some cases, we cannot deliver our product to the buyers for congestion in the port and delays in shipment."

Afsar also partly blamed the low sales to

the widespread fake news that consumption of cold drinks could make consumers more susceptible to COVID-19.

The World Health Organisation (WHO) has not issued any warning on cold drinks.

The United Nations' public health agency even said there is no scientific evidence that eating hygienically made frozen food and ice cream spread the new coronavirus.

The WHO, however, said alcohol may put people at increased risk of coronavirus, weakening the body's immune system and leaving drinkers at risk for other risky behaviours that could increase the likelihood of contracting coronavirus.

Global drinking brand Coke's sale also fell drastically.

"We are facing the same problem like other beverage companies," said an official of Coca-Cola Bangladesh requesting anonymity.

He attributed it to weakening purchasing ability of people as many are now out of jobs.

"People are now buying essentials, so sales of other products are falling," said Rafique Masud, sales manager for Meghna Group of Industry's fast-moving consumer goods division.

Meghna Beverage manufactures Super Fresh Drinking Water, Fresh Dhoom Cola, Fresh Mejanda, Fresh Soul Up, Gear Energy Drink etc.

Its CSD sales have plunged to less than 20 per cent due to the virus outbreak.

Akij Food and Beverage, which manufactures Mojo, Frutika, Speed, Clemon and drinking water Spa, echoed the same as other, said an official wishing anonymity.

However, in supermarkets, which open for a few hours every day amid the crisis, sales of soft drinks have remained stable.

"Sales of CSD have not dropped. In some cases, it increased," said Mohammad Aurangzeb, manager for procurement and operation at Khulshi Mart.

Drinking water sales too nearly doubled in the last few weeks.

BATBC's profit falls despite higher turnover

Company's AGM held virtually approves 400pc cash dividend

STAR BUSINESS REPORT

Profits and dividends of British American Tobacco Bangladesh Company (BATBC), the listed cigarette manufacturer, both fell in 2019 despite registering higher turnover.

In 2019, the British multinational company's turnover was up by about 16 per cent to Tk 26,985 crore.

However, its profit plunged 8 per cent to Tk 925 crore and dividends to 400 per cent from 500 per cent in cash and 200 per cent in stock dividend the previous year.

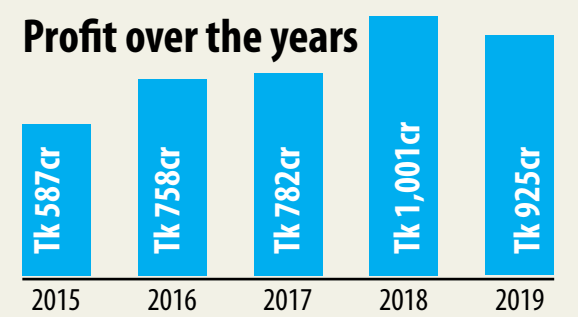
The dividend in 2019 was one of the lowest in recent years.

The company distributed 600 per cent cash dividend in 2017 and 2016 and 550 per cent in 2015, according to the Dhaka Stock Exchange (DSE).

"Higher tax burden contributed to the profit decline," said Shehzad Munim, managing director of BATBC.



BRITISH AMERICAN TOBACCO BANGLADESH



The company's tax deposit in the form of value-added tax, supplementary duty and other taxes stood at Tk 22,630 crore in 2019, up 18 per cent on 2018.

BATBC contributes almost 8 per cent to the total government revenue from the domestic sector, making it by far the highest taxpayer in Bangladesh, said Munim.

Average tax incidence accounts for 78 per cent of the retail price, he added.

The company's sales volume declined 1 per cent in 2019, mainly driven by low segment volume de-growth of 14 per cent, according to the annual report of the company.

The 30 per cent minimum price increase enforced on the legal cigarette industry in the 2018 budget led to an unprecedented increase in illicit cigarettes throughout 2019, impacting BATBC's overall financial performance, it added.

The company's financial reports were passed by the shareholders yesterday at the 47th annual general meeting held online due to the coronavirus pandemic.

The Bangladesh Securities and Exchange Commission has directed all listed companies to use digital platforms to hold AGMs.

At the meeting, presided over by BATBC Chairman Golam Mainuddin, five key decisions were taken by the shareholders unanimously. The decisions were related to the financial statement of 2019, election of the board of directors, appointment of statutory auditors, appointment of corporate governance auditors, and approval of 400 per cent cash dividend, the company said in a press release.

A significant number of shareholders from the remote areas of Bangladesh and abroad took part in the AGM using digital platforms.

BATBC Directors Mohammad Moinuddin Abdullah, KH Masud Siddiqui, AKM Aftab Ul Islam, Md Abdul Halim, Md Abul Hossain, Tahmina Begum and Stephan Matthiesen, and Company Secretary Md Azizur Rahman were present at the meeting.

The share of the company was traded at Tk 907.60 on the DSE on March 25, the last trading day before the country enforced a nationwide lockdown to flatten the curve on coronavirus.

Kamal now turns to IsDB for help

STAR BUSINESS REPORT

Finance Minister AHM Mustafa Kamal yesterday approached the Islamic Development Bank (IsDB) seeking assistance in the areas of food security, health and agriculture sector development and mechanisation as part of the government's efforts to

pull the country out of the pits that the global coronavirus pandemic has nudged it to.

He sought the assistance while speaking to Bandar MH Hajjar, president of the multilateral development lender, during a teleconference, the finance ministry said in a press release.

"Under the present circumstances, our

major challenge is to mobilise financing. Ensuring food security for the people and rehabilitating the affected the low-income people are the most important need of the hour," Kamal said.

Hajjar assured the finance minister of the group's assistance in all of the areas. The IsDB and Bangladesh would sit together to discuss and fix the issues

of financing and timelines, he said, according to the press release.

Jeddah-based IsDB has announced a \$2.3 billion package to help its 57 member countries fight the coronavirus pandemic.

A founding member of the IsDB, Bangladesh is currently implementing 11 projects bankrolled by the lender.

Shrimp farmers in no-win situation

SOHEL PARVEZ

Farmers who have cultivated black tiger shrimp for the export markets in the hope of making profits were dealt with a massive blow by the coronavirus pandemic, which has shattered their dreams by devastating the supply chain and prompting a collapse in demand.

More than 8 lakh farmers cultivate shrimp on 2.72 lakh hectares in the southwestern coastal region and supply the produce to the European and the US markets to earn a living.

The prices of a fresh harvest of black tiger shrimp halved to Tk 300-360 each kilogram at the farm level this month from a year earlier as the coronavirus ate up demand from buyers abroad.

"Exporters have almost no appetite for shrimp this year and we have to sell the item at very low prices. The coronavirus has thrown us into deep trouble," said Tipu Hawlader, a shrimp grower in Mongla under Bagerhat district, one of the major shrimp-producing areas.

April to October comprises the main season of shrimp as farmers harvest crops.

Farmed shrimp contributed 48 per cent to the total shrimp and prawn production of 2.54

lakh tonnes in fiscal 2017-18. Bangladesh shipped 36,200 tonnes of shrimp in the same year, showed data from the fisheries department.

Shrimp export has been declining since fiscal 2013-14 as buyers opt for cheaper alternatives vanammei compared

with the expensive black tiger and freshwater prawn varieties of shrimp grown in Bangladesh.

Shipment declined 2.31 per cent year-on-year to 291 million in July-March period of this fiscal year, data from the Export Promotion Bureau showed.

"Initially, we were told to delay

shipment. Later, many cancelled orders. Now, whatever the sales we see are from Japan," said Kazi Belayet Hossain, president of the Bangladesh Frozen Foods Exporters Association (BFEEA).

The association estimates that buyers from Europe and the US have so far cancelled nearly 300

orders amounting to Tk 460 crore. "And the rate we are getting now is less than what we got at this time last year," Hossain said.

Prices of larger size shrimps are \$4.5-\$4.80 per pound, down 20 per cent from \$4.80 a year ago.

"But the same quality shrimps are sold at higher prices in the domestic market," he added.

Consumption of shrimp reduced in the markets such as the UK.

This has caused a decline in the prices, said Atiqur Rahman, executive director of the National Seafood Industries.

"If the low prices persist, it will be very tough for farmers to sustain because the domestic market is not big enough to consume all the shrimp grown and ensure profitable prices for growers."

Only a couple of processing plants that make exportable shrimp are buying now, according to Didarul Alam Dulal, a shrimp farmer and depot owner.

Shrimps also can't be transported smoothly to two major markets -- Dhaka and Chattogram -- because of the ongoing lockdown and limited opening hours of markets.

"All involved in this sector will suffer if the lockdown continues," Dulal said.



Fishermen demand easing curbs on fishing in Bay

SOHEL PARVEZ

Sea fishermen have urged the government to relax the restriction on trawling in the deep waters of the Bay of Bengal to help them recoup losses in sales inflicted by the ongoing shutdown caused by the global coronavirus pandemic.

They demanded the government reduce the fishing ban period: it can begin from May 1 and go on until June 15 instead of May 20 to July 23, according to a letter sent by the Bangladesh Marine Fisheries Association (BMFA) to the fisheries and

livestock ministry last week.

The request comes as many of 231 trawlers are sitting idle in the face of poor sales of marine fishes in the domestic market and problems of exports as the deadly coronavirus has led to a stunning collapse of the global economy.

"White fishes breed throughout the year and there would be no effect on fish resources if the government slips the ban early for the current year," the BMFA said.

The government first imposed the 62-day ban on fishing in the waters of the bay in 2015 to ensure proper breeding.

"This is a major time for breeding," said Md Latifur Rahman, director for marine of the fisheries department.

The government decided on the ban based on opinions of different stakeholders and experts in the sector, he said, adding that views of all stakeholders are needed to reduce the ban period or bring it forward.

Deep sea fishing operators are not the only group that catch fishes there.

More than 60,000 fishing boats involving about 4 lakh fishermen are engaged in fishing in the coastal regions and they account for 85 per cent of the total

marine catch.

Their views also need to be considered, Rahman said.

"We also have the month of Ramadan and a ban on fishing may affect protein supply in the domestic market," he said, adding that his office shared his views with the higher authorities in this regard.

Fish caught from marine water accounted for 15 per cent of the total fish of 42.76 lakh tonnes produced in fiscal year 2017-18, according to the DoF.

Marine catches rose 2.66 per cent year-on-year to 6.55 lakh tonnes in fiscal 2017-18.

Midland Bank rolls out Islamic banking window

STAR BUSINESS DESK

Midland Bank has recently launched a Shariah-based Islamic banking window named "Midland Bank Saalam" to cater to the needs of the customers who want to do banking as per Shariah requirements.

The customers now can avail all Shariah banking products through the window from any of its branches and digital channels.

Nilufer Zafarullah, chairperson of the bank, introduced the service by opening the window at its Gulshan branch at the beginning of the board meeting held through video-conferencing according to a statement.

The platform will provide state-of-the-art Shariah banking services to the customers, she said.



Bank Alfalah gets new country head

STAR BUSINESS DESK

Bank Alfalah has recently appointed Adil Islam as its country head.

He has held business and functional head positions both in Bangladesh and abroad, working for HSBC, ANZ, American Express, Mashreq Bank and Bank Saudi Al Fransi (Credit Agricole), according to a statement.

Islam has completed post-graduation in international banking and financial studies from Herriot-Watt University in Edinburgh, Scotland.