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USD

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EUR

104.04

GBP

125.07

JPY

0.75

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78.20

SELL TK

108.06

129.06

0.78

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BUSINESS

# GP's net profit slides for second year

Political unrest is partly to blame, the operator says

## STAR BUSINESS REPORT

Grameenphone's net profit fell by 16 percent year-on-year in 2013, the second year of depressed business, after the operator paid higher corporate taxes along with 3G spectrum and 2G renewal fees, while political unrest came as a fresh blow.

The country's largest mobile phone operator saw a net profit of Tk 1,470 crore in 2013, against Tk 1,750 crore in the previous year, the company said at a press conference at Dhaka Westin yesterday. Last year's political unrest, especially in the fourth quarter, was a reason behind the downward trend, Vivek Sood, chief executive officer of GP, said.

"The country witnessed 79 hartal days last year that impacted the company's revenue," he said, adding that 2013 was a difficult year. He, however, said the situation will remain stable this year.

A hike in corporate taxes also impacted the company's profit in the last 18 months, Sood said.

He said Bangladesh has 45 percent telecom pene-

## NET PROFITS IN CRORES OF TAKA



## BY THE NUMBERS

- Gross revenue Tk **9,660**cr (5.1% up YOY in 2013)
- Investment in 2013 Tk **1,270**cr
- Final cash dividends **140**%

tration and still there is scope for growth, especially in rural areas. "Also, a huge number of subscribers use multiple SIMs."

GP added 71 lakh new users, taking its subscriber base to 4.71 crore at the end of 2013 with a 41.4 percent market share.

With a 17.7 percent growth in subscriber against the industry average of 17.1 percent, GP managed to strengthen its leadership position further.

However, its revenue grew by 5.1 percent to Tk 9,660 crore last year, compared to that in the previous year. "This growth momentum has been achieved amid disruptions and lower economic activities in the run-up to national elections," GP said in a statement.

It said the growth is accredited by new customer acquisition, usage increase and competitive value for money market offerings. Higher device sales with the advent of the 3G era, rise in both local and international interconnection minutes, and wholesale and financial services also contributed to the growth.

READ MORE ON B3

## SIM TAX ROW

# NBR claim unacceptable, GP boss says

## ABDULLAH MAMUN

The chief executive of Grameenphone has said the final report prepared by the tax administrator on SIM replacement taxes, claiming Tk 3,010 crore from four mobile operators, is 'unacceptable' as it was prepared unilaterally.

The tax administrator has finalised the report, moving away from an agreement that bound all stakeholders, including mobile operators and telecom regulator, to participate in the process, said Vivek Sood, chief executive officer Grameenphone.

He said the National Board of Revenue prepared the terms of reference (TOR) last year, which was approved by the finance ministry before the 3G auction to quantify the resold SIMs. But the NBR has unilaterally revised the TOR after the operators participated in the 3G auction.

The CEO was speaking at the company's yearend financial disclosure at a city hotel yesterday.

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# 54 people get CIP status

## STAR BUSINESS REPORT

The industries ministry yesterday conferred the status of 'Commercially Important Person' on 54 businesspersons in recognition of their contributions to the economy.

"The award is recognition and motivation for the entrepreneurs," said Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry, one of the recipients of the title.

He went on to urge the government to extend more privileges befitting their CIP status.

In response, Industries Minister Amir Hossain Amu, who gave away the cards at a ceremony in Dhaka, said the government will take a series of decisions taking the best interests of the entrepreneurs into consideration.

Businesses have done very well amid the global financial crisis and repeated strikes and blockades at home.



STAR

Middle, Vandana Luthra, founder of VLCC Group, poses in front of a display of the company's products yesterday after inaugurating its outlet in Dhanmondi, Dhaka.

# India's VLCC to invest Tk 140cr for beauty, healthcare in two years

## SUMAN SAHA

VLCC, an Indian wellness brand, aims to invest about Tk 140 crore in Bangladesh by 2016 in a bid to grab the growing beauty and health care business.

The company wants to strengthen its footprint in every category of the wellness sector by opening more beauty and slimming centres and establishing vocational training institutes.

"We want to pour funds into the wellness sector to transform Bangladesh," Vandana Luthra, founder of VLCC, said in an interview with The Daily Star in Dhaka on Monday.

"Bangladesh is an interesting market for us as peoples here are becoming more conscious about healthcare with a rising per capita income," said the 55-year-old.

VLCC has already established a factory in

the BSCIC Industrial Area in Jamalpur with about Tk 61 crore—the company's first in South Asia, outside India.

The company has set aside about Tk 200 crore for investments since it launched its operations in Bangladesh in 2010.

"We have set up the manufacturing base here to produce skincare, hair care and sun-protection products locally," said Luthra, adding that the products would be affordable and tailored to local preferences.

The company that has been in Bangladesh since 2010 also plans to enhance its product distribution network to sell its personal care products in partnership with local distributors, said the Indian entrepreneur.

Luthra came to Dhaka to formally inaugurate the second VLCC wellness centre at Dhanmondi and launch the locally produced skin, hair and body-care products.

# Mozena warns garment makers on complacency

## STAR BUSINESS REPORT

Garment factory owners' continued indifferent attitude towards workplace safety and labour rights following the recent industrial disasters will destroy the sector's prospects in the global market, Dan Mozena, US ambassador to Bangladesh, said yesterday.

"I call on all owners to reject the 'business as usual' attitude and to lead enthusiastically and creatively the transformation of the sector," he said at the screening of a documentary, It's Not All About Price Tag.

He said some owners are opposed to bringing their factories to international standards for worker safety and labour rights, claiming these standards to be too high.

"To me, the unstated but clear message from these owners was that since orders keep coming, since profits keep mounting, why should I incur additional costs in meeting these higher standards? To me, the message seemed to be: let's go back to business as usual."

Mozena said such attitude is "recipe for more Tazreen Fashions and Rana Plaza tragedies", which will destroy the prospects for the garment sector in the global marketplace, while urging all parties to collaborate to ensure they are never repeated.

"I believe the apparel sector will choose a path that makes the brand Bangladesh a preferred brand that buyers and consumers want to buy."

The US envoy, however, went on to acknowledge the steps taken by the government and some garment factories in bringing the sector to international standards in terms of fire safety, structural soundness of the factory and workers' rights to freely associate and

# Rice output expected to rise: USDA

## STAR BUSINESS REPORT

Rice production may rise 2.34 percent to 34.59 million tonnes in fiscal 2013-14 thanks to favourable weather, said the US Department of Agriculture (USDA).

The agency however kept its forecast on wheat production unchanged at 1.26 million tonnes for the year. It said total wheat imports will rise to 3 million tonnes from 1.86 million tonnes the previous year.

The USDA, which made the forecast in its Grain and Feed Update on Bangladesh, said boro rice output may rise by 280,000 tonnes to 18.78 million tonnes on higher-than-expected yields from good weather.

While keeping aman rice production unchanged at 13.4 million tonnes, the agency said production of aus, harvested last summer, might decline to 2.41 million tonnes due to flash floods in some northern districts.

# Hasina directs Biman to improve services

## STAR BUSINESS REPORT

Prime Minister Sheikh Hasina yesterday directed Biman Bangladesh Airlines to maintain flight schedules and provide better services to attract passengers, especially the nine million expatriate Bangladeshis who love to fly with the national flag carrier.

The Biman authorities must maintain timetables as people want to fly in time, Hasina said at the launch of Biman's new Boeing 777-300ER—Akash Prodip—at Hazrat Shahjalal International Airport in the capital.

The premier's call exposes the carrier's failure to maintain schedules of domestic and overseas flights, which causes a lot of sufferings to the passengers.

Biman has two other Boeing 777-300ERs, two Boeing 737-800s and two Airbus 310-300s (one grounded).

Hasina bade farewell to the world's last wide-bodied passenger carrier DC-10, and said: "This is a historic moment." Biman will send the fuel-guzzling DC-10 into retirement on February 20.

Hasina hoped that Biman would turn into a profit-making organisation in the near future and would brighten its image at home and abroad. She asked the Biman authorities to provide better e-ticketing services.

Hasina said a tunnel with modern facilities would be built from the Airport Railway Station to Hazrat Shahjalal International Airport, so passengers from all parts of the country could easily enter the airport by railway.

The civil aviation and tourism ministry and the railways ministry will jointly implement the project, she said, adding that the services of Bangladesh Railway will also be enhanced.

READ MORE ON B3

# ADB to give \$310m to boost power supply

## STAR BUSINESS REPORT

The Asian Development Bank is set to provide a loan of \$310 million to enhance the country's power supply system and reduce power outages and shortages.

"Deficiencies in power generation, supply and distribution are constraining businesses and undermining people's quality of life, with the poor suffering the most," said Stefan Ekelund, deputy country director and officer-in-charge of ADB's Bangladesh resident mission.

"Increased access to power and energy is critical for further growth and development of Bangladesh," he said in a statement.

The funds would be used to increase power transfer from Ghorashal to Tongi and boost transmission capacity to meet the increasing demand in Dhaka, Chittagong and Sylhet areas, the statement added.

The investments will also allow improved distribution networks in the Dhaka region by 2018 to minimise load-shedding caused by network constraints.

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