ASIAN MARKETS

TOKYO

V 0.58%

MUMBAI

1.51%

DHAKA MONDAY MARCH 19, 2018, CHAITRA 5, 1424 BS • starbusiness@thedailystar.net

PROFIT GROWTH IN 2017

in 2017, according to IMS Health Care

1,160.58 crore in 2017, followed by Renata at

Tk 288.83 crore, Beximco at Tk 240.9 crore,

life expectancy are increasing -- these are all

positive factors for the pharmaceutical

sector's growth," said Ahmed Kamrul Alam,

general manager of marketing at Square.

and Acme Laboratories at Tk 144.31 crore.

Square earned the highest profit of Tk

"Our population, purchasing power, and

Report 2017.

(year-on-year)

SOURCE: PRIME FINANCE

ASSET MANAGEMENT

As of Friday

\$66.21

profits soar

COMMODITIES

\$1,310.10

AHSAN HABIB

STOCKS

DSEX

CSCX

0.02%

Most listed pharmaceuticals companies saw their profits swell in 2017, thanks to higher expense on healthcare.

Of the 15 listed pure-play pharmaceutical companies, 11 announced an increase in profits.

Beacon Pharmaceuticals saw its profits soar 79.31 percent year-on-year to Tk 12 crore in 2017, according to Prime Finance Asset Management. Pharma Aids and Libra Infusions were in second and third positions respectively in terms of profit growth.

Square, Beximco, and Ibn Sina also logged in double-digit profit growth last year. "Net income of our people is increasing,

so they expend more on healthcare now," said Shawkat Haider, head of business development of Beximco. The local market of Bangladesh is a very

big and going to be bigger with the increase of net income of people, he added.

In 2010, per capita healthcare expense in Bangladesh was \$23, which rose to \$37 in 2015, according to World Bank statistics.

Bangladesh's pharmaceuticals market doubled between 2012 and 2017.

In 2012, the market size stood at Tk 9,390.4 crore and rose to Tk 18,755.6 crore



The plastic industry has been growing at about 20 percent a year on the back of spiralling demand from domestic and export markets.

CURRENCIES

BUY TK 82.50

SHANGHAI

V 0.63%

SINGAPORE

V 0.16%

STANDARD CHARTERED BANK

In fiscal 2017-18, the domestic market size of plastic products hit Tk 25,000 crore, according to the Bangladesh Plastic Goods Manufacturers and Export Association (BPGMEA).

Plastic exports rose 31 percent year-on-year to \$117 million last fiscal year, according to data from the Export Promotion Bureau.

"Bangladesh has huge potential to grow further," said Kamruzzaman Kamal, director for marketing at Pran-RFL Group, which is the market leader in the organised plastic sector. The average plastic consumption in

Bangladesh is about 2 kg per person. In contrast, in India it is 6 kg and 40 kg in Gulf countries and 10 kg in Southeast Asia, he said. Bangladesh currently manufactures 142

plastic items and the number is increasing by the day. The country mainly exports intermediate products like film plastic, household items and garment accessories to the US, Canada, the Europe, China, India and Nepal.

Bangladesh has only 0.6 percent share of the \$546 billion global plastic market.

Bangladesh produces several types of extrusion material, molding, thermosetting conversion like manufacturing of PVC pipe, shopping bag, injection molding products, garment bag, woven bags, PET/PE bottle, laminated packages, making of

profile, rigid sheet, garments accessories, household products, cosmetics, medicine packs etc.

2012-13 2013-14 2014-15 2015-16 2016-17

89

Export (in million \$)

The BPGMEA has set a target to occupy 3 percent of the global market by 2030 and the government is providing 10 percent cash incentive to the exporters. As of now, total investment in the sector is

around Tk 20,550 crore. The plastic sector is the 12th highest earning export sector in Bangladesh. BPGMEA Vice President KM Iqbal Hossen

said the plastic makers are also contributing to the growth of the garments sector by serving the sector's backward linkage industry.

Most of the plastic makers are based in Dhaka and cater to the local demand as import substitutes. Gradual growth in the plastic industry was noticeable from 1980 to 1990, when a large number of injection grade and film grade plastic plants were set up, BPGMEA leaders said.

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THINGS TO KNOW

Plastic industry growing

at 20pc a year

Domestic market size

of plastic products:

Tk 25,000cr

Bangladesh exports

plastic products to US,

Canada, EU, China, India

and Nepal

Global market size:

\$**546**b

Bangladesh's share in

global market only

0.6pc

New sources of funds needed for power projects: study

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STAR BUSINESS REPORT

Bangladesh needs to explore various sources of financing beyond the existing ones as the country would require \$35 billion worth of investment in the power sector by 2041, according to a new study

The current global financial market provides an opportunity to consider many options for financing, which can be explored in the context of Bangladesh, according to the report "Transforming the Power Sector in Bangladesh".

International accounting firm PricewaterhouseCoopers and the Bangladesh Independent Power Producers Association jointly prepared the report, which was launched at a programme at the capital's Pan Pacific Sonargaon hotel yes-

Speaking at the programme, State Minister for Energy Nasrul Hamid said the government plans to draft a guideline to involve the private sector in the distribution and transmission of power.

"Though the private sector participation in transmission and distribution could bring investment and better service, a sudden switch from the public sector to the private sector is not an easy task."

Most power generation now comes from the private sector. "But in the distribution and transition, we are venturing how to go private."

Hamid also said the government would provide the subsidy to the sector for another five to seven years. "If we produce electricity at lower cost, the subsidy will

decrease," he added. The government plans to increase the installed power generation capacity to 24,000 megawatts by 2021, about 8,000km of new transmission lines and 120,000km of distribution lines.

There is a need to develop a more efficient, transparent, deregulated and com-



PWC BANGLADESH

Nasrul Hamid, state minister for power and energy, and Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority, attend the launch of a report on the power sector at the capital's Pan Pacific Sonargaon hotel yesterday.

petitive power market for the supply of equity." reliable and cheap power, according to the report.

The report suggested a number of options that Bangladesh could use to attract funds from external sources.

The issue of local currency denominated bonds in overseas markets can be a debt financing option as well as various green

The report also said the listing of Bangladesh's profitable public power utilities in overseas markets can also be looked at.

"Strategic divestment of the government's stake in the public power utilities can be explored as an option to raise

The report called for the formation of specialised financial institutions to cater to the power sector's specific needs.

Given the investment requirement in the power sector, private participation will be crucial, according to the report.

greater clarity for private investors. Also, private participation needs to be adequately incentivised," the report added.

Bangladesh's power sector is one of the fastest growing in South Asia and will play an important role in helping the country achieve its socio-economic goals, said Mamun Rashid, managing partner of PwC

Bangladesh.

However, there are constraints stemming from low energy access, rapid urbanisation, vulnerability to climate change and natural disasters, and limited availability of land, he added.

Globally, power markets are undergoing "This requires a clear framework and a phase of disruptive transformation, said Yogesh Daruka, partner for power and utilities at PwC India.

The continuous interaction of various political, technological and economic forces is catalysing what could be the most dramatic change for the sector in the past century.

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ACI to assemble Yamaha bikes

STAR BUSINESS REPORT

ACI Motors, a concern of ACI Group, will assemble Yamaha motorcycles in Bangladesh.

The ACI board of directors has approved a plan to sign an agreement with the Japanese company, ACI Motors said in a statement posted on the Dhaka Stock Exchange (DSE) yesterday.



Under the deal, Yamaha motorcycles will be brought in completely knocked-down kits before being assembled in a plant at Rajendrapur in Gazipur.

"Demand for Yamaha brand motorcycle is increasing here, so we have decided to assemble it now...We will begin assembling the bikes within six months," said a senior ACI official. ACI sold 16,000 motorcycles last year and it would be

25,000 units this year, the official said. The company estimates to assemble 30,000 units in its

plant in the first year and taking it up to 50,000 within two to three years, generating Tk 500 crore in revenue. ACI Limited, being the parent company, has a 67.5 per-

cent stake in the subsidiary.

According to industry insiders, the increasing demand has contributed to the expansion of the overall motorcycle market in the country.

Nearly 200,000 units were sold in 2016 and 300,000 in 2017.

As the demand for motorcycles increases, eight firms, including Japan's Honda and Suzuki and India's Bajaj, TVS and Hero, are trying to gain a share of the market by setting up assembling and manufacturing plants.



Govt to give 12 deep-sea fishing licences: secretary

STAR BUSINESS REPORT

At least 12 new deep-sea fishing licences will be provided to trawler owners this year in a bid to fill the void Indian and Myanmarese fishermen capitalise on to make their catch inside Bangladesh's maritime area in the Bay of Bengal.

The existing 25 licence holders do not fish in the deep-sea, said Md Khurshed Alam, secretary to the foreign ministry's Maritime Affairs Unit. Though it is possible to fish as far and Myanmar were able to reach the

out as 660 kilometres from the shores, Bangladeshis go only up to 70km for a lack of required facilities, leading to underutilisation of immense potential, he said.

Addressing a luncheon meeting on challenges of realising the Blue Economy's opportunities in Bangladesh, Alam said, of the 8 million tonnes of fish caught in the bay in

2016, only 93,000 tonnes were by Bangladeshis. Other countries including India

fish, he told the event organised by the Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI) at The Westin Dhaka. "We cannot tap the potential of

farthest parts to catch the remaining

maritime resources as we do not have adequate trawlers and manpower in this sector," said Alam. He sought more private sector

investment which could simultaneously create millions of jobs and earn billions in foreign currency.

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