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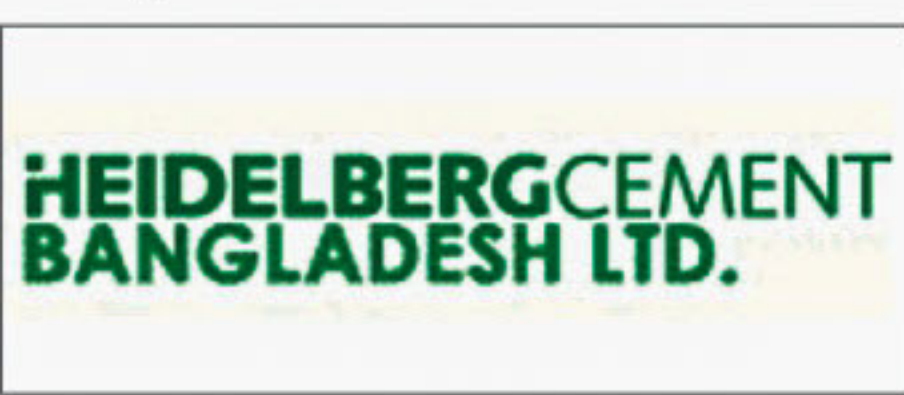
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BUSINESS

DHAKA THURSDAY NOVEMBER 14, 2019, KARTIK 29, 1426 BS

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Heidelberg to snap up Ultratech



STAR BUSINESS REPORT

Fierce competition among too many producers has forced Emirates Cement Bangladesh, the owning company of Ultratech, to sell its entire stakes in Bangladesh to Germany's HeidelbergCement.

HeidelbergCement Bangladesh in a statement yesterday announced that the board of directors of the company has approved the acquisition of 100 percent of Emirates Cement Bangladesh and Emirates Power Company at a cost of nearly Tk 183 crore (\$21.59 million).

The company also said transaction is subject to completion of the necessary regulatory formalities and approvals in compliance with the laws of Bangladesh.

Ultratech had entered into the Bangladesh market following India's Aditya Birla Group's acquisition of Dubai-based ETA Star Cement in 2010 at a price of \$380

million, giving it direct access to markets in the Middle East and Bangladesh.

The cement maker incurred losses in five years since the commencement of production in 2011 and made profits in the remaining years.

At the end of fiscal 2018-19, its reserve and surplus stood Tk 56.69 crore in the negative.

Bangladesh has the capacity to produce 60 million tonnes of cement, exceeding a market demand of 35 million tonnes, according to industry people.

Of the 75 cement manufacturers in Bangladesh, around three dozens are actively making cement.

Producers often blamed overcapacity of plants and competition in the market on selling cement at lower prices.

Heidelberg's yearly cement production capacity is 2.37 million tonnes, according to the company's 2018 annual report.

It has two brands: Scan Cement and Ruby Cement.

Heidelberg, which has paid-up capital of Tk 565.04 crore, posted profit of Tk 80.98 crore in 2018, with an earnings per share of Tk 14.33.

On the other hand, Ultratech's Bangladesh plant has an annual capacity of 0.5 million tonnes.

Kamal plays down default loan worries

STAR BUSINESS REPORT

The total amount of default loans in Bangladesh has not increased when compared with the situation in 1991, Finance Minister AHM Mustafa Kamal told the parliament yesterday.

In 1991, the total amount of default loans was Tk 5,039 crore out of the total disbursed amount of Tk 19,278 crore. This means default loans had accounted for 26.14 percent of total outstanding loans then.

At present, the total disbursed loan amount is Tk 962,277 crore and the defaulted amount is Tk 112,425 crore, meaning the bad loan ratio is 11.69 percent.

"That means, the amount of default loans has not increased," he said.

The finance minister's comment comes at a time when banks are facing liquidity crisis in the wake of rising default loans.

Many banks are struggling to maintain required provision against their bad loans. The International Monetary Fund and think-tanks have expressed their concern about the matter.

Kamal, however, said there should not be any default loan in Bangladesh.

"It would be better if we could bring down the percentage of the default loans to single digit."

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Submarine Cable Company's profit jumps eightfold

Credit goes to a boost in bandwidth usage thru' second cable; it inked primary deal for third cable

MUHAMMAD ZAHIDUL ISLAM

Bangladesh Submarine Cable Company Ltd's (BSCCL) net profit climbed eight times last fiscal year, on the back of a boost in bandwidth usage through a second undersea cable.

The state-run cable company's net profit rose to Tk 58.58 crore in 2018-19 from Tk 7.33 crore in 2017-18, according to its annual financial statement.

The company also clocked the highest ever single year revenue of Tk 195.57 crore last fiscal year during its decade-long journey.

The BSCCL has decided to offer only 16 percent cash dividend to shareholders, meaning it will have to set aside Tk 27 crore from the net profit, said Managing Director Mashhur Rahman.

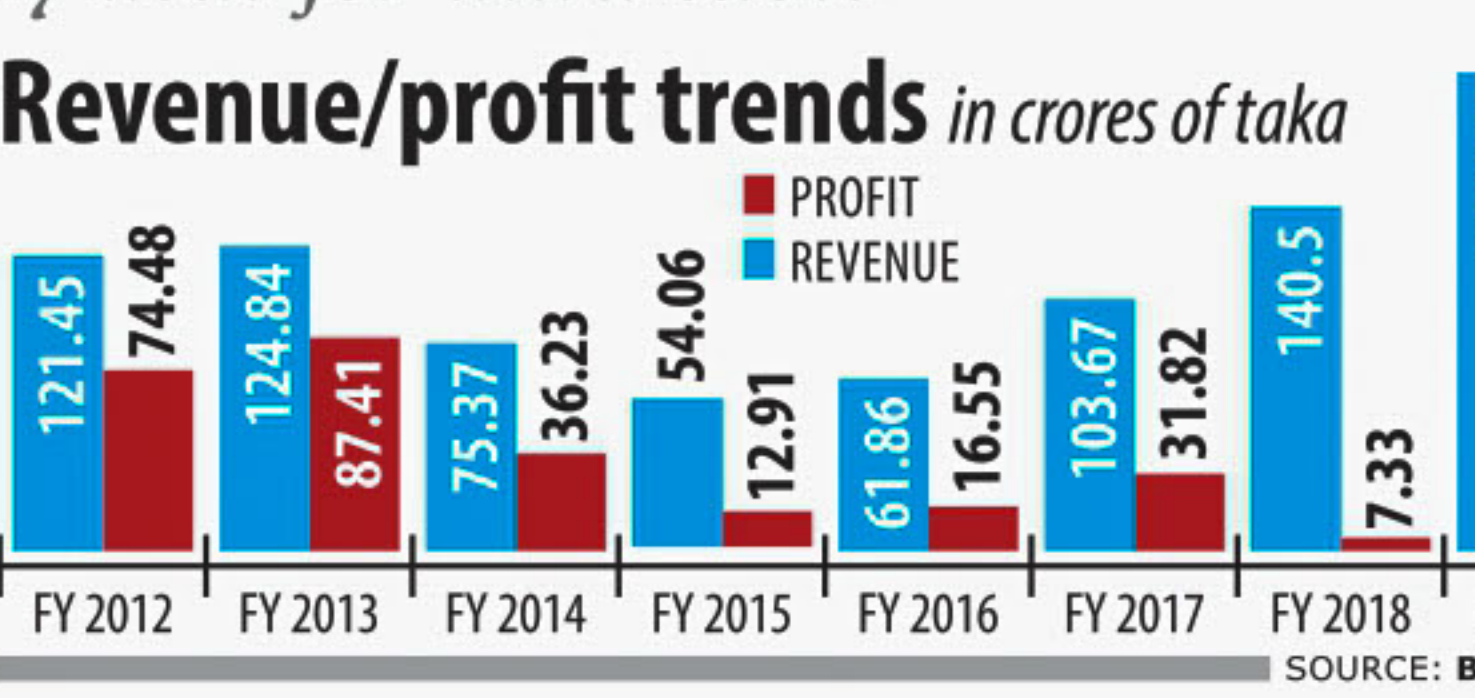
In 2017-18, the company declared 5 percent cash dividend, the lowest since its listing in 2012.

"We have decided to go for another undersea cable and for that we will have to save some money to bear the expenses," said Rahman.

In order to connect with SEA-ME-WE-6 (South East Asia-Middle East-Western Europe), an optical fibre submarine communications cable system, the BSCCL will need Tk 600 crore.

The cable company has decided to earmark Tk 30 crore from last fiscal year's net profit. In the next two years, the BSCCL will have to do the same, Rahman said.

"As we are a profitable company, the government is unwilling to support us



to implement a project. So, we have to mobilise funds on our own."

The company will borrow from development partners to bankroll the third cable. "But our intention is to take as less loans as possible to keep the installment size smaller and ensure more profit for us in the future," he added.

The BSCCL has leeway to borrow from the government by issuing shares, Rahman said.

The company has signed a memorandum of understanding with the SEA-ME-WE 6 consortium and would ink the final contract in the first quarter next year.

The country will be connected with its third undersea cable in June 2023, adding 10 terabits per second bandwidth to the national capacity.

Bangladesh was connected with its first undersea cable, SEA-ME-WE 4, in 2006 and with the second one, SEA-ME-WE 5, in 2017.

The SEA-ME-WE 4 initially had 10 Gbps capacity but it was later

increased to 300 Gbps and it will last only five more years. Thanks to the SEA-ME-WE 5, the BSCCL received 1,500 Gbps but it rose to 2,300 Gbps with technical advancements.

Once the country gets connected with the third cable, it would boost the cable company's revenue and increase profit as the country is moving towards digitalisation.

In the last few years, bandwidth consumption has doubled in Bangladesh and this growth trend will continue in the coming days.

As of September, the country's total international bandwidth consumption reached 1,250 Gbps, of which the BSCCL is supplying 650 Gbps, officials said. The rest is imported from India.

The government owns 73.84 percent stake in the company, while institutional investors own 11.20 percent, foreign investors 3.03 percent, and general public 11.94 percent.

The BSCCL shares closed down 2.95 percent at Tk 108.30 on Dhaka Stock Exchange yesterday.

MI Cement segregates shipping business

STAR BUSINESS REPORT

MI Cement, one of the listed cement manufacturers, formed three subsidiaries to run its three mother shipping vessels smoothly and to safeguard its core business.

The three separate subsidiaries for three vessels were formed to avoid legal complexities in case of any incidents with the ships, a top official of MI Cement told The Daily Star yesterday.

When any vessel gets into any legal dispute its sister vessels also face problems in running their operations, he added.

The three subsidiary companies -- Ocean Voyager Shipping Lines, Ocean Victory Shipping Lines and Ocean Vision Shipping Lines -- are fully owned by the cement maker and valued at Tk 56.85 crore, Tk 38.46 and Tk 70.61 crore respectively.

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Tk 2cr cosmetics seized as 'importer attempts to dodge Tk 1.3cr tax'

STAFF CORRESPONDENT, Ctg

Customs officials at Chattogram yesterday filed a case against an importer for allegedly importing Tk 2 crore worth of cosmetics under a false declaration.

Customs sources say the false declaration was an attempt by the importer, Only One International, to dodge around Tk 1.3 crore in taxes.

However, the company's manager, Md Zakaria Hossain, claims it to be a mistake of the exporter. "We have already contacted the exporter for remedy," he said.

Stating that this was a lie, Chattogram Customs House Deputy Commissioner Nooruddin Milon told The Daily Star that the importer had loaded the goods onto three trucks and tried to get them released last week.

Papers show that 2,000 water pumps worth Tk 51.70 lakh were being brought from China, said Milon.



Customs officials at Chattogram pose with some of the Tk 2 crore-worth cosmetics seized yesterday for allegedly being imported under the false declaration of being water pumps.

Food wastage alarming

Mostly at weddings, finds survey

STAR BUSINESS REPORT

Food waste in Dhaka has become an alarming issue in the face of rising population and their unsustainable consumption behaviour, with wastage taking place mostly in wedding ceremonies, found a study unveiled yesterday.

Action Aid Bangladesh (AAB) and Macomm, an advertising agency, conducted the survey among 1,500 people ranging from students to jobholders and home makers in five locations of Dhaka city.

Some 52 percent of the respondents aged between 15 and 24 years and 57 percent aged between 25 and 30 years said food wastage mainly happened in weddings.

Food wastage in restaurants and home came in at second and third spots in the survey conducted in the light of the United Nations' Sustainable Development Goal 12 that focuses on sustainable consumption and production.

One of the targets is to halve per capita global food waste at the retail and consumer levels and reduce food losses along the production and supply chain including post-harvest losses, said the concept note of AAB.

Many people cannot finish the entire food served at wedding ceremonies, said Rabeth Khan, chief executive officer of Macomm, at the launch of the study on food consumption behaviour.

Impulsive buying is also responsible for food waste, he added.

The study found that the number of food lovers is increasing and eating out has become a new urban habit.

As many as 91 percent of the participants aged between 15 and 24 preferred to go to restaurants, where consumers can order individual dishes from the menu, also known as à la carte.

And 89 percent of the respondents aged between 25 and 30 love to visit the similar types of food court that have à la carte options.

Roughly 50 percent of the respondents of each of the age group said they spend less than Tk 3,000 in restaurants in a month.

Some 88 percent of participants said they drink bottled water.

The survey also said water wastage mostly takes place during showers and washing clothes.

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115 taxpayers awarded in Ctg, Khulna

STAFF CORRESPONDENT, Ctg

A total of 38 persons from Chattogram, Bandarban, Rangamati, Khagrachhari and Cox's Bazar were awarded yesterday as best taxpayers under four categories.

The award crests for fiscal 2018-19 highlighted the highest amount of tax paid by a person, woman and under-40 youth and taxpayer of the longest period.

The recognition came at a ceremony organised by Income Tax Department at GEC Convention Centre in Chattogram city.

Addressing it as chief guest, Information Minister Hasan Mahmud said income tax in Bangladesh accounted for 10 percent of the GDP, lower than that in Nepal.

Honouring taxpayers aims at encouraging people to pay tax and such programmes need to be extended to the upazila level, he said.

READ MORE ON B3



Top taxpayers pose at an event at the GEC Convention Centre in Chattogram yesterday when 115 taxpayers from the port city and Khulna were awarded by the NBR.

SME loans via NGOs

STAR BUSINESS REPORT

The Bangladesh Bank will order banks to lend to small and medium enterprises through non-governmental organisations for a rapid growth of the SME sector, Governor Fazle Kabir said yesterday.

"I will direct all chief executive officers of the banks to provide SME loans to entrepreneurs through NGOs," he said.

He spoke while addressing a seminar styled "Promoting microenterprises in Bangladesh: current status and future" at Bangabandhu International Conference Center in Dhaka. The Palli Karma-Sahayak Foundation (PKSF) organised the event as part of its Development Fair 2019 starting today.

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