

Summit Power suffers 46% drop in profit

STAR BUSINESS REPORT

Summit Power Ltd (SPL) has suffered a 46 percent fall in profit in 2022-23 financial year.

The private power producer made a profit of Tk 221 crore in the year ended on June 2023, which was Tk 413.24 crore in the same period previous year, according to company's audited financial statement.

As a result, the company's earnings per share slumped to Tk 2.07, which was Tk 3.87 in fiscal year 2021-22.

SPL, a subsidiary of Singapore-based holding company Summit Power International, owns and operates 15 power plants at different locations in Bangladesh with a total installed capacity of 975.96 megawatts.

Summit cited global scenarios affected the US dollar exchange rate and forex reserves, which ultimately dented the company's bottom line.

"Fuel cost exceeded the fuel revenue due to the adverse exchange rate. Also, net finance expense increased due to excessive delays in payment of bills through local banks," Summit said in the statement.

The private power producer also attributed foreign exchange loss from quarterly servicing of foreign currency project financing as a reason for its profit fall.

The company recommended a 10 percent cash dividend for its shareholders, emphasising that it has not been declared out of the capital reserve, revaluation reserve account or through any unrealised gain.

Share price of the company rose 0.36 percent from the previous day to end at Tk 27.5 on the Dhaka Stock Exchange on Tuesday.

Japan's exports perk up

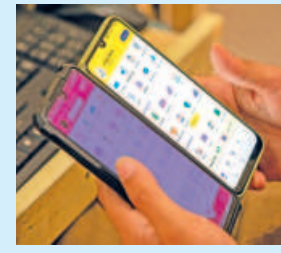
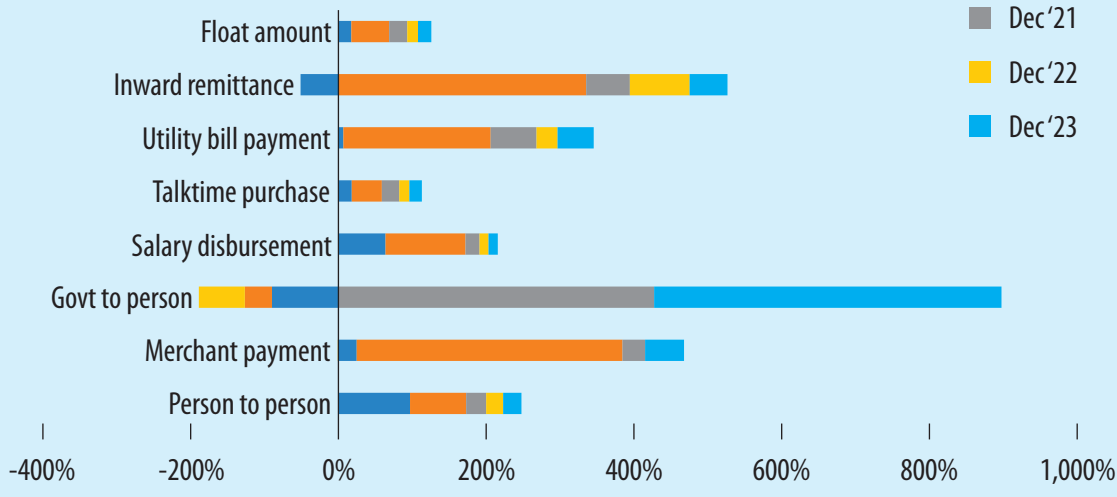
REUTERS, Tokyo

Japan's exports rose more than expected in January, driven by US-bound shipments of autos and car parts and Chinese demand for chip-making equipment, although the worsening factory sector mood added to concerns about broader economic weakness.

Ministry of Finance data out on Wednesday showed Japan's exports rose 11.9 percent in January from the same month a year ago, faster than a 9.5 percent gain expected by economists in a Reuters poll and 9.7 percent growth in the previous month.

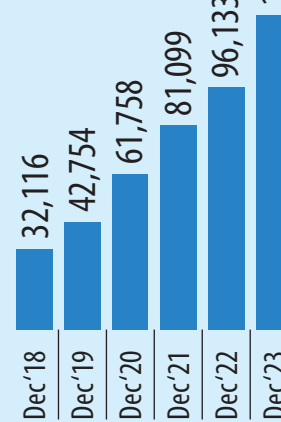
Yearly growth of MFS-based transactions

(In %)



Trend of MFS transactions

(In crore taka)



SOURCE: BANGLADESH BANK

MFS transactions grow fourfold in five years

People made Tk 4,100cr transactions in December last year

SOHEL PARVEZ

Bangladesh is registering a consistent growth in transactions through mobile financial services (MFS) and it grew four times to over Tk 4,100 crore in the last five years to December 2023.

In December 2018, the daily average transaction through the digital platform was Tk 1,070 crore, according to data from Bangladesh Bank (BB).

The popularity of MFS increased as it made available a number of activities in the palm of the hand such as money transfer, talktime purchase, payment of utility bills, and for online and offline purchases.

At the end of December 2023, overall transactions through MFS surged 30 percent year-on-year to Tk 124,548 crore, according to the BB data.

In that month, cash-in and cash-out grew by 29 percent and 31 percent year-on-year respectively.

Even transactions through MFS, which was rolled out in Bangladesh in 2011, posted a two-year high growth in the 12th month of last year.

"Due to convenience in digital transactions, the MFS industry has been experiencing a substantial growth in cashless spending by the customers for the last couple of years," said Shamsuddin Haider Dalim, head of corporate communications and public relations at bKash Ltd, the largest MFS provider in Bangladesh.

In general, he said, people spend more during festival seasons, special days, holidays and at the beginning and end of a year.

"The month of December falls within the holiday season when many people travel and spend."

Moreover, social gatherings, family reunions, and weddings also take place during this time, he said.

The higher spending by people on such occasions fuel the overall growth in MFS transactions too, he said.

"Expatriates send more remittance at the yearend through MFS channels as well."

The central bank data showed that the government's distribution of money through MFS for social protection schemes skyrocketed in December 2023 from a year ago.

At the same time, people also showed increasing interest to shop and pay through MFS.

For example, merchant payment through MFS shot up 53 percent year-on-year to Tk 5,518 crore at the end of December 2023, while remittance sent through MFS grew 51 percent year-on-year to Tk 586 crore.

At the end of December 2023, overall transactions through MFS surged 30 percent year-on-year to Tk 124,548 crore, according to the BB data. In that month, cash-in and cash-out grew by 29 percent and 31 percent year-on-year respectively

"MFS is not just a money transfer tool anymore, rather it has evolved into a platform of different financial services designed to meet people's day-to-day needs," said Muhammad Zahidul Islam, vice-president and head of media and communications at Nagad Ltd, one of the major MFS operators.

"From mobile recharge to utility bill payments to shopping, all now can be done on our MFS wallets."

"That is why people are now turning to more and more MFS services which are convenient, secure, and affordable," he added.

In December last year, MFS operators recorded a 49 percent year-on-year spike in payment of utility bills, which hit Tk 2,903 crore.

Money transfer from person-to-person

soared 25 percent year-on-year to Tk 34,277 crore in that month.

Salary disbursement through MFS platforms increased too. But its growth was lowest among all the major services provided by the operators.

Islam said the way mobile money operators are now coming up with new and diversified financial services for customers, MFS transactions will continue to surge in the days to come.

In 2023's December, daily average transactions through Nagad stood at Tk 1,400 crore, mainly riding on government disbursements, various payments and mobile recharge, he added.

At present, the country has over 22 crore MFS accounts and more than half of them belong to people living in rural areas, according to BB data.

"The growth so far is positive. There is enough reason to be hopeful," said Md Nehal Ahmed, professor of Bangladesh Institute of Bank Management, adding that digital transactions will increase in the near future.

"Convenience is the main factor here and the Covid-19 pandemic was a turning point for the spike in MFS-based transactions."

However, challenges are still there, he said. The lack of awareness on the benefits of digital transactions, the fear of being defrauded, and the popularity of paper documents of transactions are among many reasons that have slowed the growth of MFS transactions, he added.

Transaction costs are another reason, Ahmed said.

Many people want to avoid making big MFS transactions to keep service charges lower, he added.

At present, users have pay up to Tk 20 to withdraw every Tk 1,000 from the MFS agents.

Ahmed said digital banks, for which the central bank has started giving permission, might throw a challenge to the MFS providers by offering lower transaction fees.

BRAC Bank issues Tk 700cr bond

STAR BUSINESS REPORT

BRAC Bank has launched a subordinated bond worth Tk 700 crore to enhance its Tier II Capital base and it is now available for subscription by investors.

The bond will support the bank's capital adequacy requirements as it has earned significant balance sheet growth in recent years.

Any individual or institution can invest in the bond with a minimum investment threshold of Tk 10 lakh.

This non-convertible, fully redeemable, coupon-bearing bond has already been approved by the Bangladesh Securities and Exchange Commission and Bangladesh Bank.

The coupon interest rate on the bond has been fixed as "Reference rate (Industry average of highest FDR rates) + 3 percent margin".

The coupon rate will be reset half yearly based on the latest reference rate.

As of December 2023, the coupon rate comes 10.97 percent.

The repayment of the principal amount will start from the third year that will cover 20 percent each year and the subscribers will be entitled to receive their coupon interest half-yearly.

Commenting on the investment scope of the bond, BRAC Bank Managing Director and CEO Selim RF Hussain said the minimum ticket size has been kept low to create investment opportunity for all, particularly for small investors and micro savers.

"We are offering 3 percent higher interest rate on bond than average FDR rate in the industry that will be exciting to the subscribers," he added.

Daudkandi to Tripura inland waterway route gets terminal, jetty

DIPLOMATIC CORRESPONDENT

A new inland waterway terminal and a permanent jetty were inaugurated in Tripura's Srimantapur on Tuesday, which is expected to strengthen trade and economic relations between India and Bangladesh.

The development came nearly four years after the Indo-Bangla inland waterway protocol route between Sonamura of Tripura and Daudkandi of Bangladesh was first started, reported The Indian Express yesterday.

In July 2020, Tripura readied a floating jetty on the Gomati river in Sonamura, located 60 kilometers (km) from Agartala, as part of the Indo-Bangla inland waterways connectivity project.

The jetty was included in the list of routes as part of an Indo-Bangladesh protocol signed between the India's High Commissioner to Bangladesh Riva Ganguly Das and Bangladesh's Shipping Secretary Md Mezbah Uddin Chowdhury in Dhaka in May 2020.

Tripura Chief Minister Manik Saha, who virtually inaugurated the new infrastructure, said: "Import and export of commodities between both countries through waterways will be easier. Besides, the tourist footfall will also increase and also enhance scope of employment."

Small boats and ferries capable of carrying 50 tonnes of goods were scheduled to start moving through this route to Bangladesh soon.

The authorities are trying to further boost the navigability of the rain-fed river, including through plans to dredge the Gomati riverbed to make way for small ships and boats from Sonamura to Bangladesh's Ashuganj river port, which is only 60km away, during the winters.

India's Tourism Minister Sushanta Chowdhury said that Prime Minister Narendra Modi had emphasised connecting the northeast of India

READ MORE ON B2

HSBC reports record \$30b profit in 2023

AFP, Hong Kong

HSBC said Wednesday it achieved "record profit" in 2023 as pre-tax gains soared by nearly 80 percent, with the banking giant also announcing further share buybacks.

The Asia-focused lender and its peers have been buoyed by rising interest rates for more than a year, but are bracing for greater economic uncertainties in 2024.

The bank generates most of its revenue in Asia and has spent several years pivoting to the region, vowing to develop its wealth business and target fast-growing markets.

Despite bumper profits, HSBC noted the effects of China's slower-than-expected economic recovery after the Covid-19 pandemic as well as heightened geopolitical tensions.

The firm reported pre-tax profits of \$30.3 billion, up from \$17.1 billion the year before, in a statement to the Hong Kong stock exchange.

Profit after tax increased by \$8.3 billion, to \$24.6 billion, while revenue rose by 30 percent to \$66.1 billion.

"Our record profit performance in 2023 enabled us to reward our shareholders with our highest full-year dividend since 2008," said chief executive Noel Quinn.

"This reflected four years of hard work and the strength of our balance sheet in a higher interest rate environment."

The bank said Wednesday that it would initiate a share buyback of up to \$2 billion, following the announcement last year of three share buybacks totalling \$7 billion.

READ MORE ON B2

India seeks \$26b investments from private sector for nuclear energy

REUTERS, New Delhi

India will invite private firms to invest about \$26 billion in its nuclear energy sector to increase the amount of electricity from sources that don't produce carbon dioxide emissions, two government sources told Reuters.

This is the first time New Delhi is pursuing private investment in nuclear power, a non-carbon-emitting energy source that contributes less than 2 percent of India's total electricity generation. The funding would help India to achieve its target of having 50 percent of its installed electric generation capacity use non-fossil fuels by 2030, up from 42 percent now.

The government is in talks with at least five private firms including Reliance Industries, Tata Power, Adani Power, and Vedanta Ltd, to invest around 440 billion rupees (\$5.30 billion) each, the two sources, who are directly involved in the matter, said last week.

The federal Department of Atomic Energy and state-run Nuclear Power Corp of India Ltd (NPCIL) have held multiple rounds of discussions with the private companies in the past year on the investment plan, the sources said.

The Department of Atomic Energy, NPCIL, Tata Power, Reliance Industries,

Adani Power and Vedanta did not respond to queries sent by Reuters.

With the investment, the government hopes to build 11,000 megawatts (MW) of new nuclear power generation capacity

by 2040, said the sources, who did not want to be identified as the plan is still being finalised. NPCIL owns and operates India's current fleet of nuclear power plants, with a capacity of 7,500 MW, and

has committed investments for another 13,000 MW.

The sources said under the funding plan the private companies will make the investments in the nuclear plants, acquire land, water and undertake construction in areas outside the reactor complex of the plants.

But, the rights to build and run the stations and their fuel management will rest with NPCIL, as allowed under the law, they said.

The private companies are expected to earn revenue from the power plant's electricity sales and NPCIL would operate the projects for a fee, the sources said.

"This hybrid model of nuclear power project development is an innovative solution to accelerate the nuclear capacity," said Charudatta Palekar, an independent power sector consultant who formerly worked for PwC.

The plan will not require any amendment to the India's Atomic Energy Act of 1962 but will need a final go-ahead from the Department of Atomic Energy, said one of the two sources.

Indian law bars private companies from setting up nuclear power plants but allows them to supply components, equipment and sign construction contracts for work outside of the reactors.



In this file photo, a policeman walks on a beach near the Kudankulam nuclear power project in the southern Indian state of Tamil Nadu. New Delhi is pursuing private investment in nuclear power, which contributes less than 2 percent of India's total electricity generation.

PHOTO: REUTERS/FILE