

ADB leads \$121m financing for private solar project

STAR BUSINESS REPORT

The Asian Development Bank (ADB) signed a \$121.55 million financing package with Dynamic Sun Energy (DSE) Private Ltd to build and operate a 100-megawatt (MW) grid-connected solar photovoltaic power plant in the northwest district of Pabna.

The plant is Bangladesh's first private sector utility-scale solar facility to secure support from global financiers, the Manila-based multilateral lender said in a statement yesterday.

"ADB arranged, structured, and syndicated the debt package as the sole mandated lead arranger and book-runner," it added.

The financing package comprises a \$46.75 million loan from ADB, a syndicated loan of \$28.05 million from ILX Fund I, an Amsterdam-based emerging market private

The plant will annually generate 193.5 gigawatt-hours of electricity and avoid 93,654 tonnes of carbon dioxide emissions

credit fund focused on supporting Sustainable Development Goals with ADB as lender of record, and a syndicated parallel loan of \$46.75 million from the Japan International Cooperation Agency.

"As Asia's climate bank, ADB welcomes the opportunity to support renewable energy in Bangladesh, where obtaining long-term financing for such projects is a challenge," said ADB Private Sector Operations Department Director General Suzanne Gaboury.

"This partnership exemplifies our lead role in mobilising financing for clean energy facilities and stimulating further investment in sectors where it's needed the most."

The solar power plant will generate 193.5 gigawatt-hours of electricity annually and avoid 93,654 tonnes of carbon dioxide emissions annually.

"We are delighted to secure financing for one of the largest private sector solar projects in Bangladesh to date, with the support of international lenders led by ADB," said Paramount Textile PLC (PT) Managing Director Shakhawat Hossain.



COTTON PRODUCTION



SOURCE: COTTON DEVELOPMENT BOARD

Cotton farming not catching on for lack of govt support: experts

SAJJAD HOSSAIN

The expansion of cotton farming in Bangladesh has remained stagnant over the years due to a lack of sufficient farmland, manpower and government support, particularly in terms of innovation and investment.

As such, the country is still heavily reliant on imported cotton for its garment industry despite being the world's second-largest supplier of apparel items after China, according to various experts.

Cotton production in Bangladesh currently meets just 4 percent of the 85 lakh bales (each bale weighs about 218 kilograms) required by the country's 450 spinning mills annually.

Bangladesh imported cotton worth about \$464.2 crore in fiscal 2021-22 while the country's garments exports fetched \$4,260 crore that same year, as per official figures. Officials of the Cotton Development Board (CDB) blame the absence of adequate research, manpower, land, and funds for the slow growth in domestic cotton production.

Cotton cultivation increased by an average of just 1 percent annually in the seven years to fiscal 2022-23, when total acreage stood at 45,000 hectares, according to the latest report by the CDB.

The CDB spent around Tk 160 crore to foster local cotton cultivation between fiscal years 2016-17 and 2022-23, but only managed to expand production by 3 to 4 percent.

In 2022, the CDB set a target to expand local cotton cultivation to 1 lakh hectares of land by 2030. But if things continue at the current pace, it will take the CDB another 170 years to reach this goal.

The CDB has developed only nine high-yielding varieties of cotton since its founding in 1972, resulting in a marginal rise in the country's cotton production.

The CDB spent Tk 30.58 crore on research in the four years between FY2019-20 and FY2022-23, but the outcome was a modest 9 percent rise in domestic cotton production.

This correspondent spoke with officials of three CDB research centres, all of whom said it is impossible to attain their target considering their funding and manpower limitations.

They also said that of the 880 approved positions in CDB research centres, 346 positions were vacant as of February this year.

Bangladesh is still heavily reliant on imported cotton for its garment industry despite being the world's second-largest supplier of apparel items

The CDB research centres have only 8 or 9 officers in place against a sanctioned strength of 28, including the chief scientific officer, and senior and general scientific officers.

Mongsanue Marma, senior scientific officer of the Hill Cotton Research Centre in Bandarban, said the CDB lacks the level of expertise enjoyed by other agricultural research centres in the country.

"The cotton board cannot work properly with only 50 to 60 researchers. So, unless the government prioritises and invests in cotton research, we won't see good results," Marma added.

He also said domestic cotton production could increase by as much as 10 percent if they can attract qualified researchers to fill up vacant posts at the CDB research centres.

DMM Abed Ali, senior scientific officer of the CDB's Cotton Research, Training and Seed Multiplication Farm in Jashore, said 12 positions, including two scientific officer posts, remain vacant.

"If we can solve the manpower shortage, financial support will follow and thereby allow us to boost production," Ali said.

AH Md Kaikobad, a researcher at the CDB centre in Dinajpur, said apart from addressing the manpower crisis, policy support is needed to promote production.

"The government's main focus is on other cash crops. So, integrating cotton with cash crops could improve yields," he added.

Muhammad Ayub, former president of the Bangladesh Cotton Association, said bringing unused sugarcane and tobacco farmland under cotton cultivation could increase production by 10-12 percent.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said cotton cultivation is being badly neglected in the country.

"The agriculture ministry is much more focused on cultivating food crops while cotton is not given enough attention," he added.

Khokon also said that if domestic cotton production could be boosted by 1 crore bales annually, it would create surplus income of up to \$5 billion by decreasing the reliance on the comparatively expensive imported fibre.

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BSRM's sales drop yet profit surges

STAR BUSINESS REPORT

Profits of two entities of the Bangladesh Steel Rolling Mills (BSRM) Group of Companies surged year-on-year in the three quarters of the current fiscal year of 2023-24 despite a drop in sales for both.

Of the two, BSRM Ltd's profit grew 574 percent year-on-year to Tk 333 crore in the July-March period thanks to a reduction in financing cost.

However, in the January-March period, the profit dropped 8 percent year-on-year.

Its revenue dropped 24 percent to Tk 6,316 crore from Tk 8,291 crore a year ago.

In the January-March quarter, sales slumped 41 percent year-on-year, according to the company's disclosure on its website on Monday night.

Similarly, BSRM Steels Limited recorded a decline in its sales in the three quarters to the end of March of fiscal year 2023-24.

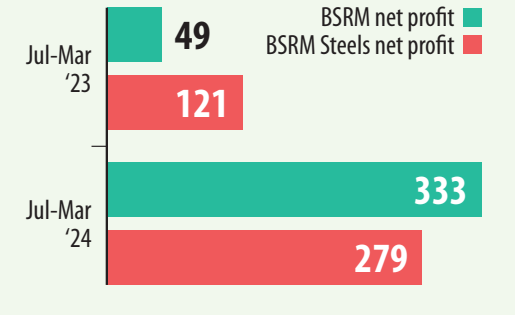
However, it said its profit soared 11 percent year-on-year to Tk 124 crore in the January-March quarter. The third quarter earnings took the total profit of BSRM Steels to Tk 279 crore, up 130 percent compared to the same period a year ago, as per the disclosure.

"Our finance cost has declined while foreign currency availability for import of raw materials has increased. Besides, prices of raw materials have fallen in the international market," said Shekhar Ranjan Kar, company secretary of BSRM Ltd.

Both companies, listed with the stock exchanges, posted spikes in their earnings per share (EPS).

Profits of BSRM Ltd and BSRM Steels

In crore taka; SOURCE: DISCLOSURES



During the July-March period of 2024, BSRM Ltd's EPS skyrocketed to Tk 11.17 from Tk 1.66 in the same period a year ago.

BSRM Steels Limited said its EPS rose to Tk 7.43 in the nine months to March 2024 from Tk 3.22 in the July-March period a year ago.

BSRM Ltd closed unchanged at Tk 90 a share yesterday on Dhaka Stock Exchange while shares of BSRM Steels Limited increased 4.57 percent to Tk 59.5.

Midland Bank made record profit in 2023

STAR BUSINESS REPORT

Midland Bank made a profit of Tk 113.22 crore in 2023, the highest ever in the history of the bank.

Moreover, the bank's profit rose 101 percent from the previous year's Tk 56.19 crore.

As a result, the bank's earnings per share hit Tk 1.77 in 2023 against previous year's Tk 0.88, according to a filing on the website of the Dhaka Stock Exchange yesterday.

The net operating cash flow per share declined to Tk 0.55 for the year ended on December 31 in 2023, against Tk 4.22 of the same period previous year.

The bank's board recommended 5 percent cash dividend for 2023, which was the same in the previous two years.

Midland Bank started its operation in 2013 with a paid-up capital of Tk 400 crore.

Operating through its head office at Gulshan, Dhaka, the bank has branches and agent banking outlets across the country, according to its website.

Square Pharma's profit rises to Tk 1,465cr in July-March

STAR BUSINESS REPORT

Square Pharmaceuticals Ltd recorded Tk 1,465 crore in profit in the July-March period of the ongoing financial year, up around 9 percent year-on-year.

The pharmaceuticals giant made a profit of Tk 1,345 crore in the July-March period of 2022-23, according to an unaudited financial statement published on its website.

Thus, earnings per share (EPS) grew to Tk 18.24 in the nine months to the end of March this year compared to Tk 16.82 in the same period the year prior.

"This is healthy growth. We have been able to book double-digit growth in profit despite the slowdown in the economy," said Muhammad Zahangir Alam, chief financial officer at Square Pharma.

He said both revenue and profits were satisfactory in the third quarter given that the disposable income of people dropped and people celebrated Eid-ul-Fitr during the period.

Square Pharmaceuticals' profit increased 15 percent year-on-year to Tk 441.4 crore in the January-March period of FY24 compared to Tk 383 crore in the same period a year ago.

He said the drug maker could have made higher profits had the cost of operation not increased. He said the company had to face higher costs of power and gas while imports became costlier due to the appreciation of the US dollar against the local currency.

"We did not pass on the cost of production to consumers. For this reason, our EPS has not increased substantially," he said.

Square Pharma offered a 105 percent cash dividend in the FY23, the highest since the company got listed with the stock exchanges.

Beximco Pharma's Q3 profit soars 51%

STAR BUSINESS REPORT

Beximco Pharmaceuticals' profits in the January-March period of fiscal year (FY) 2023-24 grew by 51 percent from that in the same period of the previous fiscal year, owing to higher sales and efficient cost management.

The drug maker's profit increased to Tk 136 crore in the three-month period compared to the Tk 90 crore profit it had made in the same period the year prior.

Thus, the company's earnings per share stood at Tk 3.06 at the end of March. It was Tk 2.13 at the end of the same month of the previous year.

Its sales rose 15 percent year-on-year to Tk 1,098 crore in the third quarter of FY24.

Operating costs also advanced 5 percent to Tk 282 crore, according to the company's financial

statements.

Beximco Pharmaceuticals' manufacturing site is spread across 23 acres in Tongi, Gazipur, which is close to the capital.

It houses facilities for manufacturing tablets, capsules, creams, ointments, suppositories, inhalers, ophthalmic drops, and syringes.

A penicillin unit (for both active pharmaceutical ingredient and formulation) is located separately in Kaliakoir.

The company has a team of over 4,700 people who are the driving force behind its progress, according to Beximco Pharmaceuticals' website.

The drug maker's sales and profits also grew in the July-March period of FY24.

During the nine-month period, its sales increased to Tk 3,305 crore compared to Tk 2,923 crore in the nine months of FY23.

In the nine-month period, Beximco Pharmaceuticals' profits increased around 23 percent to Tk 437 crore.



Shahjalal Islami Bank posts highest profit in 5 years

STAR BUSINESS REPORT

Shahjalal Islami Bank PLC reported a net profit of Tk 362.48 crore for the year that ended on December 31, the highest in five years.

The profit for 2023 marked a nearly 3 percent increase from Tk 352.5 crore in 2022. As a result, the earnings per share (EPS) increased to Tk 3.26 from Tk 3.17, according to its audited financial statement.

The Shariah-based lender attributed the spike in the EPS to the growth in net investment income, income from investments in shares and securities, and other operating incomes.

Shahjalal Islami Bank also reported a significant increase in its net operating cash flow per share (NOCFPS), which soared to Tk 10.08 from Tk 3.49.

The NOCFPS rose significantly due mainly to the rise in deposits from customers, decline in placement with other banks and financial institutions, as well as an increase in investment income, said the bank.

The net asset value per share stood at Tk 21.3 in 2023 against Tk 19.65 the previous year. The bank credited the increase in the net profit for the improvement.

Founded in 2001, Shahjalal Islami Bank has a network of 140 branches across the country and 132 ATM booths. Its authorised capital stands at Tk 1,500 crore and the paid-up capital at Tk 1,029 crore.

The bank's shares closed unchanged at Tk 19.8 on the Dhaka Stock Exchange yesterday.