

# Star BUSINESS

Local business leaders worry about the double-digit interest rate on bank loans, highlighting how this makes profitability harder for them.



Story on B4

## \$800m repayment to Russia in limbo

MD MEHEDI HASAN

About \$809 million has piled up in a Bangladesh Bank escrow account to repay loans and interest for the Russia-funded Rooppur Nuclear Power Plant.

Escrow is an arrangement for a third party to hold the assets of a transaction temporarily. The assets are kept in a third-party account and are only released when all terms of the agreement have been met.

The central bank was left with little choice but to deposit funds into the special account (escrow) after sanctions were levied on Russia following its invasion of Ukraine.

Among these sanctions, at least 10 Russian banks were barred from using the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system, which provides the main messaging network through which international payments are initiated.

As of Thursday, over three quarters of a billion dollars had been deposited in the account. It will be paid in the future, The Daily Star learned from officials of the central bank who are directly involved with the matter.

Bangladesh agreed to borrow around \$13 billion from Russia for the construction of the nuclear plant in Rooppur in 2016.

It is scheduled to pay interest as well as a ten percent advance payment, but transactions have stagnated for over a year because of the sanctions.

The repayment of the principal amount will commence from March 15, 2027.

### FACT BOX

- Russia lending \$13bn for the power plant
- Construction to end in Dec next year
- Principal payment to start in Mar, 2027
- Interim govt seeks repayment extension
- A portion to be repaid in taka



PHOTO: COLLECTED

However, the interim government recently proposed extending it to March 15, 2029.

Seeking anonymity, a senior central bank official told The Daily Star that government stakeholders, including from the Economic Relations Division (ERD) and the Bangladesh Bank, are continuing to arrange meetings to discuss how payments can be made to

Russia. ad more on "bWe are trying to find out how to settle the issue. The central bank is also keeping an eye out for alternative channels.

"Over the past year, we have tried to find a risk- and hassle-free process to make payments. But the issue is yet to be finalised."

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## BSEC summons 14 firms for failing to pay dividends

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has asked the top officials of 14 listed companies to come to its office with related documents to explain why they declared but failed to pay dividends last year.

In separate letters to the companies, the regulator ordered the chairmen, managing directors, chief financial officers and company secretary-level officials to be present at the BSEC office today. They have been asked to bring all financial and dividend related documents.

The companies are Lub-rref (Bangladesh), Fortune Shoes, Beach Hatchery, Pacific Denims, SK Trims and Industries, Associated Oxygen, Advent Pharma, Union Insurance, Shepherd Industries, Desh Garments, Khulna Power, VFS Thread, Indo-Bangla Pharmaceuticals and Libra Infusions.

Last week, the stock authorities downgraded these companies to "Z" category due to non-compliance, which has agitated the investors of these companies.

A company is downgraded to 'Z' if it fails to pay at least 80 percent of the announced dividends.

Besides, a company is downgraded to 'Z' if it fails to declare dividends for two consecutive years.

The 'Z' classification also includes failure to hold regular annual general meetings, production suspension for six months or having a negative retained earnings balance exceeding the company's paid-up capital.

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## Apparel exporters demand \$10m in Debenhams dues



PHOTO: REUTERS

STAR BUSINESS REPORT

A platform representing three dozen local apparel manufacturers has demanded over \$10 million payment for fashion items they supplied to the UK retail giant Debenhams.

At a press conference at the Economic Reporters Forum (ERF) in Dhaka yesterday, they said they will file a case against the local forwarder of the now-bankrupt British store chain unless the payment is made within 15 days.

Md Zahangir Alam, convener of the Debenhams vendors' community platform, said that due to the negligence of the forwarder Expo Freight Limited (EFL), they have not received the payment to date.

The 36 vendors were supplying readymade garments (RMG) to Debenhams, a 150-year-old UK-based public limited company.

As Debenhams was a highly reputable company in the UK and other Western markets, Alam said they were selling the goods through sales contracts.

"The payment terms were to surrender the bill of lading to the nominated forwarder, EFL in this case, after receiving the export proceeds in the bank," he said.

"We have been supplying the goods for the past decade following these terms," he added.

Alam said the 36 companies

supplied garments worth \$70 million before Debenhams went bankrupt due to the Covid-19 pandemic. "Out of the \$70 million, the suppliers have received nearly \$60 million over the last four years, but \$10 million remains unpaid."

"Now, Expo Freight Limited is legally responsible for paying the arrears to the suppliers as it handled the shipments to the now-bankrupt British retailer Debenhams," he said.

"We have relentlessly tried to resolve this matter and to some extent, we have succeeded. But due to the negligence of the EFL, we have not received the export value to date," said Alam.

On April 9, 2020, Debenhams filed for liquidation in the UK and the court appointed an administrator.

Subsequently, the Bangladeshi vendors came together and formed the platform called the Debenhams Vendors Community.

Alam said the main objective of this community is to negotiate, liaise, realise the dues and make collective decisions regarding the goods lying in the port and transit.

He said that among the 36 suppliers, whose total export value exceeds \$5 billion annually, many are small and medium-sized companies that cannot absorb such losses.

"These companies will face unrecoverable losses if the arrears are not paid on time," he added.



Shabbir A Khan

## Malaysia can help us enter chip industry

Says trade body president

AHSAN HABIB

Bangladesh can join hands with Malaysia to develop a sector that caters to global semiconductor industries, which can play a vital role in increasing export earnings, said Shabbir A Khan, president of the Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI).

Malaysia has such a sector, which is drawing a lot of attention but which lacks skilled engineers, for which it has opted for hiring the experts from abroad, he said during an interview with The Daily Star yesterday.

The semiconductor industry is an aggregate of companies engaged in the design and fabrication of semiconductors and semiconductor devices, such as transistors and integrated circuits, he said.

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