Ibn Sina Pharma to set up backward linkage

Move fails to lift its stock price

STAR BUSINESS REPORT

Ibn Sina Pharmaceuticals is set to invest in a polymer manufacturing plant that would primarily supply pet bottles, bottle caps and other pharma-related plastic products to the drug maker.

The plant, which would be situated at Gazipur's Maowna, would be under a subsidiary named Ibn Sina Polymer.

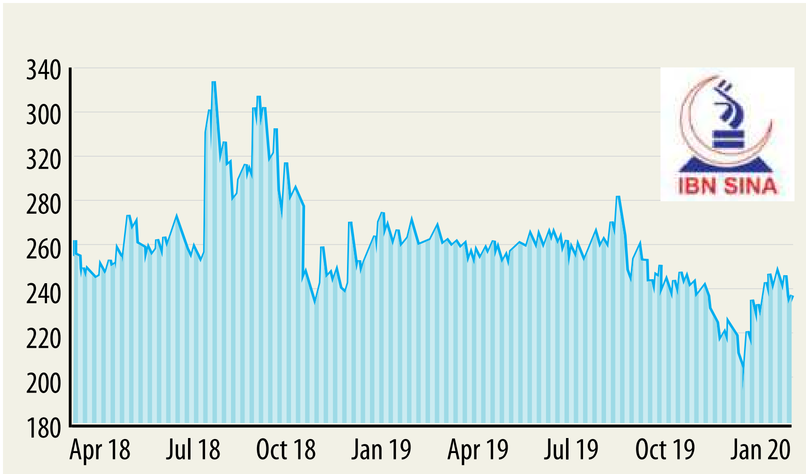
Yesterday, Ibn Sina Pharmaceuticals, which got listed on the Dhaka Stock Exchange in 1989, informed the bourse yesterday that it would have 65 per cent equity in the subsidiary.

The news though failed to lift its stock price: its shares closed at Tk 235.60, down 0.42 per cent from the previous day.

Ibn Sina Polymer's paid-up capital would be Tk 10 crore and authorised capital of Tk 40 crore.

The drug maker will invest Tk 6.5 crore in IBN Sina Polymer and the remaining Tk 3.5 crore would come from Ibn Sina Trust.

"Such investments will help the company to grow more," said Md Jasim Uddin, chief financial officer of Ibn Sina Pharmaceuticals.



Ibn Sina Pharmaceuticals is yet to decide how it would provide the Tk 6.5 crore for the subsidiary.

Once the process to form the company starts the source of funding will be decided then, he added.

Ibn Sina Pharmaceuticals' net sales witnessing more than 13 per cent growth at least in the last five years. In the 2018-19 financial year, its yearly turnover rose 13 per cent to Tk 526.4 crore.

Its earnings per share have been on a good growth trajectory, save for in the 2018-19 financial year when it dropped 25.7 per cent to Tk 10.76.

Ibn Sina's products sold mostly in Chattogram and Dhaka division. The Chattogram division alone accounts for about 31 per cent of its turnover.

The drug maker's top selling brand is Dexlan, which is a healing medicine for gastric ailments.

Paramount Insurance announces cash dividend after three years

STAR BUSINESS REPORT

Paramount Insurance's stock price more than doubled in the last one year but its lower dividend disheartened stock investors.

The insurer, which got listed in 2007, yesterday announced 2 per cent stock and 2 per cent cash dividend for its shareholders for the 2019 financial year. In the previous year, the company provided only 5 per cent stock dividend.

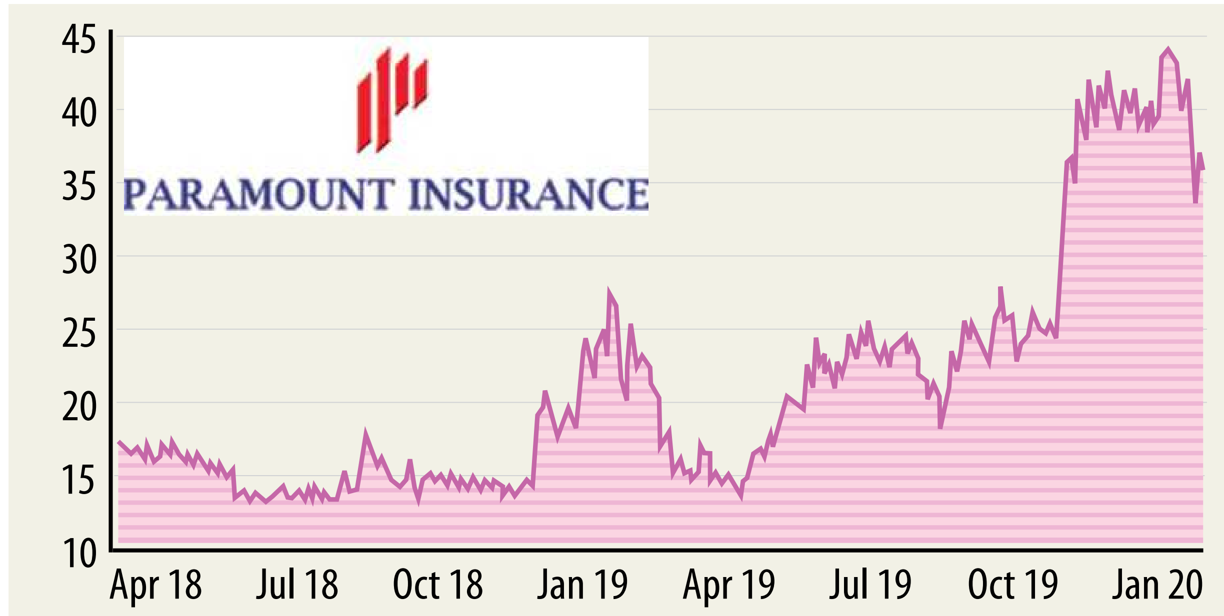
Every non-life insurance should have Tk 40 crore of paid-up capital as per the Insurance Act 2010. At present, its paid-up capital is Tk 33.22 crore. So, it has been giving stock dividend every year since 2005 save for 2016, when it announced 2 per cent cash dividend.

Market analysts said the company's earnings per share rose to Tk 1.17, which was Tk 0.52 in the previous year.

As the insurance companies' shares were on a rising trend last year, some insurers' stocks rose for any good reason.

In 2019, Paramount Insurance's stocks soared 115.7 per cent to Tk 37.

READ MORE ON B3



STOCKS BACK IN THE RED

Shares on the Dhaka Stock Exchange (DSE) returned to the red yesterday just a day after snapping a seven-session losing streak. The DSEX, the benchmark index of the country's premier bourse, gave up 56.5 points, or 1.3 per cent, to end the day at 4,410, as investors went for profit-booking. Sales pressure faced by sectors such as textile, engineering, energy and power, pharmaceuticals, food, banks and other financial institutions contributed to the fall.

DSEX fell to **4,410** points (down **56.5** points, or **1.3**%)

Turnover fell to Tk **511**cr (down Tk **98.4**cr, or **16.2**%)

TOP FIVE GAINERS

Company	Gain (in %)
Hakkani Pulp	9.9
Intech	9.9
ICB AMCL Sonali	9.3
CVO Petrochemical	9.1
Central Pharmaceuticals	9.6

TOP FIVE LOSERS

Company	Loss (in %)
ML Dyeing	9.5
RN Spinning Mills	8.7
Central Pharmaceuticals	8.3
Silva Pharmaceuticals	8.2
Olympic Accessories	8.0

TOP SECTORAL CONTRIBUTION

Sector	Change in market cap (in %)
Textile	3.0
Cement	2.9
Services	2.6
Engineering	2.2
Miscellanous	1.5

TOP TURNOVER

Company	Turnover (in crore Tk)
Silva Pharmaceuticals	13.3
Orion Pharmaceuticals	11.3
SK Trims	10.9
VFS Thread Dyeing	10.2
Saiham Textile	10.1

Northern Jute resumes production after accounts unfreeze

STAR BUSINESS REPORT

Northern Jute yesterday resumed operations at its factory at the BSCIC Industrial Estate in Kushtia after the Supreme Court issued a ruling to unfreeze all bank accounts related to the business.

The news sent Northern Jute's shares up 2.31 per cent to Tk 406.70 on the Dhaka Stock Exchange (DSE) yesterday.

On February 23, Northern Jute announced that their factory would be closed indefinitely due to a Bangladesh Bank directive to freeze all of the bank accounts related to the firm, which left the listed jute producer unable to clear workers' wages.

"The labourers at the factory are paid on a weekly basis and since all the bank accounts are frozen, the operations had to be shut down," said Shahadat Hossain Patwary, company secretary of Northern Jute.

Since the chairman of Northern Jute, Uzzal Kumar Nandi, is also chairman of People's Leasing and Financial Services (PLFS), the decision to discontinue production could have been considered as an outcome of the PLFS's ailing financial situation.

PLFS has been undergoing liquidation since July last year.

However, Patwary denied allegations that his company's current situation was related to that of PLFS despite both firms having the same chairman.

Stock market analysts said the PLFS's liquidation has had a huge impact on the depositors, stock investors and many listed companies, which have deposited their money in the non-banking financial institution.

"The sponsors and directors of PLFS should be punished," analysts said, adding that the government should remain cautious so that such sufferings are not inflicted on other companies.

Due to the account freeze, Northern Jute could not realise any export proceeds. As a result, it could not procure raw jute or make party payments to spare part suppliers, it said.

Besides, the company could not disburse any cash dividends to its shareholders although adequate funds have been kept aside.

According to data from the DSE, Northern Jute's stock price was unstable over the past two years due to its earnings volatility.

By the end of June 2018, the company's earnings per share (EPS) were Tk 17.15 in the negative and it provided no dividend. As a result, it was demoted to Z category on the DSE.

Just a year later, the EPS jumped to Tk 23.29, which catapulted Northern Jute to A category.

In the second quarter of the ongoing financial year, the jute product producer's EPS dropped to Tk 2.94, down from Tk 9.06 a year earlier.

HC allows tenure extension of EBL First Mutual Fund

STAR BUSINESS REPORT

The High Court yesterday upheld the decision of closed-end EBL First Mutual Fund's trustee and asset manager to extend its tenure for another 10 years.

Closed-end mutual funds are investment tools that pool a fixed amount of money for a certain period from investors and re-invest them into stocks, bonds and other assets.

Yesterday the HC bench of Justice JBM Hassan and Justice Md Khairul Alam rejected a writ petition filed by The City of London Investment Management Company (CLIM) challenging the decision.

The CLIM filed the petition on October 21 last year stating that the fund manager had not sought unitholders' approval for the extension.

This was a violation of rule 50B of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001, it said.

Moreover, the extension contradicted what is stated in the fund's prospectus, it said.

On January 24, 2010, the stock market regulator fixed the tenure of all closed-end mutual funds at 10 years "realising the benefits of investors and development of the capital market", said its notice.

However, on September 16 last year, the BSEC extended the tenure of closed-end mutual funds by another 10 years following calls from some asset management companies.

This led to many asset managers extending their funds' tenures.

On August 5 this year, Bangladesh Race Management Private Company decided to extend EBL First Mutual Fund's tenure by another 10 years.

The CLIM then filed the writ petition. On hearing it the HC sought to know why the respondents will not be ordered to liquidate the fund and distribute the proceeds among unitholders.

It also ordered the asset manager, Bangladesh Race Management Private Company, not to take any asset management fee until the ruling was disposed of. The Investment Corporation of Bangladesh is the fund's trustee.

The latest HC decision lifts all bars on running activities of EBL First Mutual Fund.

Expand exports, stimulate investment for 10pc growth: MCCI

STAR BUSINESS DESK

The government needs to accelerate economic growth to about 10 per cent, expand exports and stimulate investment to establish a middle-income country by 2021, said the Metropolitan Chamber of Commerce and Industry, Dhaka yesterday.

In its October-December economic review, the chamber said most local economic indicators were facing an uncomfortable ride amid a gloomy global economy.

"Some economic indicators such as remittances, inflation, foreign exchange reserves are positive in December 2019. The economy, however, faced a number of challenges on its business and fiscal fronts in recent times, even though the political atmosphere has been peaceful," it said.

Remittance inflows during the quarter increased by 34.64 per cent year-on-year to $4.88 billion as the government announced a 2 per cent incentive on receipts.

The chamber said challenges that need to be addressed properly were inflationary pressure, slower export and import growth, shortfall in tax collection, vulnerable banking sector and slow credit growth to the private sector.

Other areas that need focus include fall in the key indexes of the capital market, lack of investor confidence and a lower rate of investment, specially foreign direct ones, it said.

Bangladesh's economy grew 8.15 per cent last fiscal and Bangladesh Bank forecasts an 8.2 per cent GDP growth in the current fiscal.

However, World Bank and Asian Development Bank predicted it to be 7.2 per cent and 8.0 per cent respectively.

During the July-December period of this fiscal, agriculture, manufacturing and services sectors all performed well but continuous government support of various types will be needed to sustain their growth, the chamber said.

"Infrastructure deficits and gas and power supply problems along with faulty transmission capacity are now undermining the performance of all productive sectors of the economy," it said.

The MCCI said the government should adopt adequate steps to overcome these problems, and achieve and maintain political stability, which were essential for creating an investment-friendly climate so crucial to achieve higher economic growth.

In addition, the government will need to improve the country's road, river and rail infrastructure, develop port facilities, increase power and gas production, and remove other infrastructure bottlenecks, it said.

The chamber said remittances have kept on increasing, exchange rates remained stable and foreign exchange reserves rose to a comfortable level during the quarter.

Export earnings from merchandise in the first half of the current financial year decreased by 5.84 per cent year-on-year to $19.30 billion.

Defaulted loans not that high in neighbours' context: BB

STAR BUSINESS REPORT

The amount of defaulted loans in the country's banking sector is not that high in context to that faced by neighbouring nations, said Bangladesh Bank Governor Fazle Kabir yesterday.

Some organisations tried to show off defaulted loans in the country's banking sector by way of including rescheduled loans and written-off loans, he said, adding, "But rescheduling is an ongoing process."

He was addressing as chief guest an annual conference of state lender Sonali Bank at Bangabandhu International Conference Centre.

Mentioning the downward trend of defaulted loans, he said it stood at 9.32 per cent of the total outstanding loans in December last year, down from 11.99 per cent three months earlier.

Defaulted loans in India earlier also increased but now such loans have decreased remarkably, said Kabir.

If defaulted loans increase, banks face some problems such as liquidity crunch and a squeeze in their capacity to give out loans, he said.

"Banks should lay emphasis on stopping fund diversions. And they have to take initiative to tackle forced loans," he said.

READ MORE ON B3

Consultancy fee raised for subway feasibility study

STAR BUSINESS REPORT

The cabinet committee on government purchase (CCGP) at a meeting yesterday approved five proposals, including one on bringing changes to a feasibility study on subway networks surrounding the capital city and its consultancy fee.

The study is being conducted by Spanish consultancy firm Tecnica Y Proyectos SA (TYPSA) and the committee approved increasing the consultancy fee to Tk 317.94 crore from Tk 219 crore.

Finance Minister AHM Mustafa Kamal presided over the meeting at the NEC-1 conference room in the capital's Sher-e-Bangla Nagar.

Briefing reporters after the meeting, Mosammat Nasima Begum, additional secretary to the cabinet division, said the fee has been increased as a larger area was brought under the study.

A proposal for constructing a road connecting Chhaina, Jashodal and Choddashata Bazar and upgrading an associated Kishoreganj-Karimganj-Chamraghat district highway involving Tk 181.80 crore was approved.

Taher Brothers, Rana Builders and Majaher Enterprise jointly got the contract.

Begum said the committee approved one proposal for purchasing berthing equipment for Tk 28.42 crore from United Trading Company and Pancharoi Udayan Sangstha for the Chattogram port.

Another proposal was on appointing NJS Consultants Company and Aqua Consultants and Associates under an Urban Infrastructure Improvement Preparatory Facility project for Tk 49.13 crore over supplying water to 11 pourashavas in Chandpur, Cumilla, Pabna and Natore districts.

The meeting approved one more proposal for re-tendering a "SASEC Road Connectivity Project: Upgradation of Elenga-Hatikumrul-Rangpur highway into four-lane".