

Beximco acquires 85pc of Nuvista

Stocks end lower as investors book profit

STAR BUSINESS REPORT

Beximco Pharmaceuticals has completed acquiring 85.22 percent of shares of Nuvista Pharma, which is a leading manufacturer of hormonal drugs and steroids in Bangladesh.

The Bangladesh government currently holds 12.92 percent of the stakes in Nuvista.

"The completion of Nuvista acquisition will serve as a strong foundation for sustainable growth in the future through strengthening our position in hormones and steroids," said Nazmul Hassan MP, managing director of Beximco Pharma.

Nuvista generated Tk 171 crore in revenue, Tk 11.8 crore in profit before tax and had Tk 54.8 crore worth net assets in the year ending on June 30, 2017. Formerly Organon (Bangladesh) Ltd, it was a subsidiary of the Netherlands based Organon International and sold to the current Bangladeshi management in 2006.

The two companies entered into a non-binding memorandum of understanding (MoU) for the proposed acquisition on October 5, 2017 which was mutually agreed upon and finalised on January 18.

A brief ceremony was organised at Radisson Blu Dhaka Water Garden on Monday in presence of Industries Minister Amir Hossain Amu.

Beximco Group's Vice Chairman Salman F Rahman and Nuvista Pharma's Managing Director Akhter Matin Chaudhury spoke on the occasion.

Listed on Dhaka Stock Exchange (DSE), Beximco Pharma's share price declined nearly 1 percent to Tk 106 yesterday.

STOCKS CLOSE LOWER

Price corrections forced stocks to close lower yesterday on the DSE as investors booked profits in most sectors.

The DSEX, the benchmark index of the premier bourse, declined 37.23 points or 0.63 percent, finishing the day at 5,790.28 points.

Turnover, another important indicator of the market, declined 7.41 percent to Tk 555.22 crore, with 16.95 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 91 advanced, 218 declined and 27 closed unchanged on the premier bourse.

Beximco dominated the turnover chart with 55.78 lakh shares worth Tk

15.01 crore changing hands, followed by IFAD Autos, Beximco Pharma, City Bank and LafargeHolcim Bangladesh.

The banking sector was the hardest hit declining 1.31 percent in market capitalisation, followed by general insurance that fell 1.01 percent, pharmaceuticals 0.51 percent, and textile 0.50 percent.

Conversely, the engineering sector rose 0.59 percent and financial institutions 0.22 percent in market capitalisation.

Monno Jute Staffers was the day's best performer with 7.49 percent in gains followed by Prime Islami Life Insurance and GPH Ispat.

Nitol Insurance was the worst loser, shedding 8.36 percent followed by Takaful Insurance and ICB Islami Bank.

Chittagong stocks fell with the bourse's benchmark index, the CSCX, declining 80.58 points or 0.74 percent to finish the day at 10,788.40 points.

Losers beat gainers as 143 declined and 75 advanced, while 17 finished unchanged at Chittagong Stock Exchange.

The port city bourse traded 1.10 crore shares and mutual fund units worth Tk 29.88 crore in turnover.

Prime Bank gets new AMD



STAR BUSINESS DESK

Prime Bank's deputy managing director Habibur Rahman has been promoted to the post of additional managing director.

Rahman started his banking career with AB Bank in 1985 and joined Bangladesh Bank as an assistant director the following year, Prime Bank said in a statement yesterday.

Before joining Prime Bank as senior vice president in 2006, he was the deputy general manager of Foreign Exchange Operation Department at the central bank. He has a Master of Science degree from the University of Dhaka.

Vivo unveils 'AI selfie' smartphone



Du Baohua, CEO of Vivo Bangladesh, launches a new smartphone called V9 at Le Méridien Dhaka on Monday.

STAR BUSINESS DESK

China's smartphone producer Vivo officially unveiled Vivo V9, its latest flagship smartphone, at a ceremony in Le Méridien Dhaka on Monday night.

Available in "Pearl Black and Gold" at Tk 29,990, the new handset comes with "artificial intelligence (AI) selfie features, AR Stickers, Face Unlock and Face Beauty Mode", reads a press release.

"V9 represents our understanding of consumers' need for their mobile camera to automatically create the 'perfect shot' in any scenario," Du Baohua, chief executive

officer of Vivo of Bangladesh, told the ceremony.

The smartphone was earlier launched in India, Thailand, the Philippines and elsewhere in the world.

Its "AI Face Beauty" uses a comprehensive database of almost 1 million facial images, allowing detection of age, sex and skin textures and tones as well as lighting environment, before users' preferred enhancements are applied.

Beyond photography, the AI also optimises and supports the phone's operations with the "AI Smart Engine" which prioritises system resources according to user habits.



Syed Alamgir, managing director of ACI Consumer Brands, launches sanitary napkin "Freedom Teens" at ACI Centre in Dhaka on Sunday.

No plan to raise tax-free income limit: NBR

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"Tax payment should be made a part of habit," he said.

The NBR, however, will examine the scope to reduce corporate tax rates responding to pleas from the DCCI to reduce the rate gradually from 30 percent to 25 percent for non-listed companies by 2020-21.

"The government is considering all the proposals that were placed with calls to cut corporate tax. Let us see how much can be done. We have a long-term plan to reduce corporate tax," Bhuiyan said.

The DCCI suggested the tax authorities give tax waiver on expenses for education for children of

taxpayers.

"This is necessary to educate our children. This incentive will give a big boost to the taxpayers," said DCCI President Abul Kasem Khan.

The chamber also urged the NBR to give tax benefits to the companies that are investing 5 percent of their taxable income for research and development.

"We will consider the tax benefit issue," Bhuiyan said.

He said the NBR is also working to ensure some privileges for the compliant taxpayers, especially for those who are honoured as "Kar Bahadur (tax icons)".

He said the rate of VAT evasion is

high. "We will strengthen the monitoring."

In another discussion with the BCI, he said the NBR also plans to slap penalties for cases of VAT evasion.

The BCI also demanded the introduction of concessional tax rates for investment in the underdeveloped regions.

It is also necessary to provide tax breaks to the backward linkage industries of export-oriented sectors, said BCI President Mostofa Azad Chowdhury Babu.

In another discussion, the DSE demanded tax waiver on its income for another year.

Oppo to launch smartphone with 25MP camera

STAR BUSINESS DESK

Oppo, a leading global technology brand, is all set in Bangladesh to launch Oppo F7, a new smartphone with a 25 megapixel front camera using real-time high dynamic range technology.

It has an "Artificial Intelligence Album" which automatically groups photos making use of faces, places and scenes on the basis of multiple search tags and editing tools, says a press statement.

Another part is the new "moments feature" will help users quickly recall precious moments a photo was taken, for example, birthdays.

The set will be launched in the third week of April.

Economy marches towards record 7.65pc growth

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The industrial sector, whose contribution to the GDP is 33.71 percent, grew 11.99 percent against 10.22 percent in fiscal 2016-17.

The work of various mega projects including the Padma bridge and metro-rail are advancing rapidly, said the BBS report.

"Investment in both the public and private sectors is rising this year. In the construction and housing sector, there is a positive trend this time. This is why the industrial output is increasing," Kamal said.

Hussain though found the manufacturing sector's growth to be puzzling.

"Where did it come from? Is it exports? Clearly not, because the export to GDP ratio has declined to 14.04 percent from 14.36 percent. Is it addition of new manufacturing capacity? Again, the answer appears to be no."

The private investment to GDP ratio increased marginally from 23.1 percent in fiscal 2016-17 to 23.25 percent in fiscal 2017-18.

"This leaves increased capacity utilisation as the source of such high manufacturing growth. Was there so much slack in manufacturing to begin with?"

But, gas production is projected to increase by 1.32 percent, coal production declined 20.47 percent, electricity production plus imports increased 9.4 percent, and industrial raw materials import in nominal dollars increased 8.2 percent.

Employment in manufacturing increased 2.3 percent in 2017, according to the latest labour force survey.

"Growth in none of these inputs mirrors the image of 13.2 percent manufacturing growth. Hence, the puzzle," he added.

Meanwhile, at the Ecne meeting yesterday, the planning minister presented the GDP size and per capita income in dollar term.

In dollar term, the GDP size is \$274.5 billion this fiscal year, which was \$249 billion last year. The country's per capita income is \$1,752, which was \$1,610 in fiscal 2016-17.

Private sector credit growth continues to rise

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The move would give the banks additional Tk 10,000 crore of liquidity. A senior BB official wishing not to be named said the liquidity position is normal in the money market and the upward movement of interest rates is also usual as it is rising in other countries also.

The London Inter-Bank Offered Rate (LIBOR), which is the global benchmark interest rate, has increased about 2 percent in recent months.

Some banks are creating artificial crisis in the market to go for aggressive lending, said the BB official.

"Credit growth of 14 to 16 percent is enough to support 7 percent plus GDP growth. More credit without ensuring quality would push up bad loans further," he added.

The central bank supplies money to banks through repo when there is a shortage and mops up through the reverse repo when the market is flush with liquidity.

Though banks are crying about a liquidity crisis, they did not take money through the repo from the central bank.

In fact, the BB did not need to supply money through repo in the last three years as the call money market

has been liquid enough, said another senior official of the central bank.

The call money rate hovered between 4 and 4.5 percent in last three months, with average transaction being Tk 7,000 crore to Tk 8,000 crore, according to the BB. As of December last year, the excess liquidity in the banking sector was Tk 86,000 crore.

The weighted average interest rate on deposits increased slowly in the last several months to hit 5.18 percent in February, but it remained below the inflation rate of 5.72 percent.

In contrast, the weighted average interest rate on lending increased slightly to 9.55 percent in February from 9.35 percent in December last year.

Only some banks are going through a liquidity crisis due to problems of their own making, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Most of the banks are in a sound position liquidity-wise.

"Expansion of liquidity will open up windows to abuse money and go for aggressive lending in the election year," he said.

Moreover, the local currency will depreciate.

Exports decline 1.38pc

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Rahman said garment exports would grow by 10 percent at the end of the current fiscal year as the market trend is favourable for Bangladesh.

Thanks to the significant improvement of the structural, fire and electrical safety in garment factories, western retailers and brands are coming with bulk orders, he said.

Nearly 90 percent remediation work in the garment factories has already been completed, which has brightened the image of the sector.

Bangladesh is also home to the highest number of green garment factories in the world, according to Rahman.

Moreover, the country is moving towards high-value items from basic garments. As a result, exporters are

getting better prices, he said.

Jute and jute goods also fared well in July-March thanks to the diversification in the sector.

The demand for jute goods from Bangladesh is rising as customers are gradually giving up the use of harmful polythene globally. In July-March, jute and jute goods fetched \$818.09 million, up 11.91 percent year-on-year, EPB data showed.

Jute production surged from 65 lakh bales in 2014 to 70 lakh bales last year for better prices ensured by a government rule that made its use mandatory in goods packaging, according to the jute ministry.

More than 100 crore sacks were additionally produced thanks to the new rule.

Local entrepreneurs also

"The monetary policy was supposed to tighten as the exchange rate is on the rise but the central bank could not do it in the face of bankers," he added.

The structural imbalance in liquidity management has led to the rise in lending rate, said Md Arfan Ali, managing director of Bank Asia.

"Few banks are liquid and few are not causing structural imbalance."

The state banks are liquid enough due to limited lending activities for their high non-performing loan ratio. On the other hand, private banks are under pressure to meet the rising credit demand.

"In this perspective, some private banks fell in to liquidity crisis due to over-lending," he added.

Only private banks are under pressure, which has impacted the whole market, said Faruq Mainuddin Ahmed, managing director of Trust Bank.

Some banks are offering 9 to 10 percent interest rate to attract deposits, which was 6 to 7 percent several months back, according to Ahmed.

The total credit to the private sector stood at Tk 8.62 lakh crore at the end of February, up from Tk 8.51 lakh crore, according to central bank data.

expanded the export base by increasing the number of products made from the natural fibre to 240 this year from 135 last year.

Overall, exports grew 6.33 percent year-on-year to \$27.45 billion in July-March period. It, however, narrowly missed the periodic target of \$27.55 billion.

Shipment of agricultural products grew 15.46 percent year-on-year to \$472.23 million, while frozen food exports were up 6.57 percent to \$407.71 million.

Home textile export surged 15.08 percent to \$669.87 million and footwear shipment rose 5.84 percent to \$187.09 million.

Exports of plastic goods fell 19.49 percent to \$73.59 million in the July-March period.

Inflation falls to 5.68pc in March

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It also rose in urban areas: it increased to 5.83 percent in the third quarter from 5.65 percent in the second quarter.

Prices of clothes, fuel, furniture and home appliances, medical services, transport and educational items and house rent rose in January-March, according to a statement of the BBS. Zahid Hussain, the lead economist of the World Bank's Dhaka office, said the expansionary monetary policy of the Bangladesh Bank is likely to heighten inflationary risk.

He said although the BBS data are showing a declining trend of inflation, the food inflation is experiencing a rising trend in reality. The price of rice is still high, he said.

Price of rice is a key determinant of overall inflation as it accounts for 23 percent of the commodity basket in the consumer price index. Coarse rice sold for Tk 42 to Tk 46 per kg in Dhaka yesterday, down 3.30 percent from a month ago but up 14 percent from a year ago, according to the Trading Corporation of Bangladesh.

Hussain said the appreciation of the US dollar against the taka is likely to stoke inflationary pressure in the next quarter. He said inflation would stand at 6 percent in the next three months if there are no natural disasters.

Finance Minister AMA Muhith has set an inflation target of 5.5 percent for the current fiscal year.

BGMEA chief criticises the way BB handles liquidity crisis

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Rahman said the business activities will not be affected due to his speech. On Monday's event, Rahman said, "A bank has been given Tk 600 crore to help fight liquidity crisis, as it was hit by a Tk 600 crore loan scam. This is not the right way to solve liquidity crisis."

"Giving a fund to a scam-hit bank to overcome the liquidity crisis will only inspire 10 other banks to get involved in such corruption. It should not work that way," he said.

Such banks should merge with other banks and the directors should be thrown out of the boards, he said.

"What is the role of Bangladesh Bank here? If I steal today, will you give me Tk 100 crore to solemnise my theft?"

"We have regular contacts with many banks. We know that the conditions of banks are not good," he said suggesting that the government discusses banking issues in cabinet meetings. Rahman said there was no reason for rod prices to rise by 40-45 percent to Tk 72,000 a tonne.

He also questioned the morality of a section of traders who always try to do brisk business taking advantage of sudden surges in demand for goods on different occasions.

Pvt banks to give Tk 160cr to PM's fund

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The amount will be given from the banks' corporate social responsibility (CSR) funds, chief executives of a number of banks said.

Prime Minister Sheikh Hasina yesterday invited over the banks' directors and chief executive officers along with their spouses for tea at her Gono Bhaban residence in the capital.

BAB Chairman Nazrul Islam Mazumder expressed gratitude for the prime minister's continued support for them.

The banks spent Tk 744 crore from their CSR funds in 2017, Tk 496 crore in 2016 and Tk 527 crore in 2015.