

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	USD	EUR	GBP	JPY
0.24%	0.08%	\$1,310.80	\$61.87	0.98%	0.14%	82.95	93.58	106.63	0.74
5,786.06	10,718.89	(per ounce)	(per barrel)	36,975.23	20,874.06	BUY TK	SELL TK	83.95	97.38



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# Star BUSINESS

DHAKA THURSDAY FEBRUARY 7, 2019, MAGH 25, 1425 BS • starbusiness@thedailystar.net

## ACI's earnings sinking

AHSAN HABIB

Earnings of ACI, a blue-chip stock known to have a very stable growth rate, have been on the slide for the last four quarters and in the process wiped out investors' money.

ACI's earnings per share (EPS) for the October-December quarter stood at Tk 0.78 in the negative, in contrast to Tk 5.44 a year earlier, according to financials posted on the Dhaka Stock Exchange's website last week.

This is the first time since 2012 that the company's earnings became negative.

ACI blamed currency devaluation, interest rate increase, decrease in profit from joint ventures and associates, purchase rate variance due to international price hike and high income tax expenses for the de-growth.

"Interest rate on bank loans rose during the quarter in comparison to last year," said Pradip Kar Chowdhury, chief financial officer of ACI.

When ACI took the loan the interest rate was 7 to 8 percent. Now, it is about 10 percent.

"We are in a growth phase, so we have huge amounts of loans," he said, adding that lower economic activities centring on the polls also impacted ACI's business.

The business group, which is one of the largest in the country with exposure from

commodities to pharmaceuticals, reported a decline in earnings in the last few quarters as well, which was well below investors' expectations.

As a result, the EPS of ACI slumped about 94 percent year-on-year to Tk 0.44 for the first half of fiscal 2018-19.

One of the ACI high officials said on condition of anonymity the company has huge bank loans, so higher interest rate affects its earnings mostly.

The company's short-term bank loans increased to Tk 2,138.52 crore from Tk 1,836.72 crore in a span of six months.

At the same time, long-term loans decreased to Tk 789.95 crore from Tk 797.23 crore, according to the financial statement.

The statement also shows that ACI incurred higher losses for animal health, consumer brands, retail chain and the food segment.

Pure flour, salt and premiaflex plastic unit witnessed lower profit when compared with the numbers from 2017's first half.

However, the pharmaceutical segment made huge profit. Its profit was up 28.28 percent to Tk 101.63 crore.

Stock market analysts said the company has very rare experience of logging in losses in the recent past. But, it may come back to profitability as it follows good corporate governance.

ACI's share price has been declining in the last one year in line with declining earnings. Now, a share of ACI is trading at Tk 302, down from Tk 430 a year ago.

The company disbursed 115 percent cash and 3.5 percent stock dividend to its shareholder last year.



## Exports rise 7.92pc

STAR BUSINESS REPORT

Exports fetched \$3.68 billion in January, up 7.92 percent year-on-year, on the back of robust growth of garment shipments.

With January proceeds, export earnings in the first seven months of the fiscal year come to \$24.18 billion, up 13.41 percent from a year earlier and comfortably past the periodic target of \$22.41 billion.

The jump in receipts come despite four major export earning sectors -- leather and leather products, jute and jute goods, home textiles and shrimps -- logging in lower shipments, according to data from the Export Promotion Bureau.

Earnings from leather and leather products, the second biggest export earner after the garment, dropped 11.71 percent year-on-year to \$626 million between the months of July last year and January this year.

Export of jute and jute goods, which account for part of the livelihood of tens of thousands of growers, tumbled 24.66 percent to \$498 million during the period.

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## Policy on farm mechanisation in the works

SOHEL PARVEZ

The government is set to frame a policy on agriculture mechanisation with the aim of increasing farm productivity by speeding up the process of adoption of low-cost but efficient machinery at grower's level.

A panel, formed by the agriculture ministry, has recently submitted the draft of the policy, which comes in the backdrop of rising cost of production owing to shortage of labour for cultivation.

The draft policy is aiming to encourage expansion of farmer-friendly machinery in view of small farm size, fragmented land ownership and types of soil. It is also targeting to

increase cropping intensity with the view to boosting total crop yields.

A policy on farm mechanisation would be instrumental to ensure fast expansion of agri-machinery and address the problems of farm labour shortage and lower productivity, said MA Sattar Mandal, a member of the expert pool of the agriculture ministry.

"With farming becoming commercialised and production not rising for shortage of farm labours, there is no alternative to machines."

So far, farmers have taken big strides in mechanised tilling and irrigation.

"Yet, there is a large gap in transplanting and harvesting," said

Mandal, a former vice-chancellor of the Bangladesh Agricultural University.

Now, up to 95 percent of land is tilled by power tillers and tractors. Machines are also used for 90 percent of pesticide applications.

Most of the grains, particularly the staple rice, are threshed by machines, according to a previous estimate of the Department of Agricultural Extension (DAE).

Progress in the use of mechanised plantation and harvesting has been sluggish in the absence of cost-effective machines that are suitable for many different types of land and fragmented ownership.

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## Lenders vying for customers at REHAB fair

JAGARAN CHAKMA

More than a dozen lenders are competing with each other to lure prospective home loan borrowers at a housing fair that kicked off in the capital yesterday.

Most of the 14 banks and non-bank financial institutions that are taking part in the REHAB Fair 2019 are offering home loans with an interest rate of 10 percent and others at 11-12 percent.

The middle and lower-middle income people who dream to live in their own apartments find the presence of the lenders at the fair to be very convenient.

The Real Estate and Housing Association of Bangladesh (REHAB) has organised the four-day fair at the Bangabandhu International Conference Center at Sher-e-Bangla Nagar.



Visitors get to know projects at a four-day REHAB housing fair at Bangabandhu International Conference Center in the capital yesterday.

Talking to The Daily Star, Masum Rabbani, assistant relationship manager for the retail banking division of Mutual Trust Bank (MTB), said they

were offering "a special rate" for home loans marking the fair to materialise the dreams of customers.

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## DEFAULT LOANS BB may seek opinions from minister, legal experts

STAR BUSINESS REPORT

The central bank may hold a meeting with the law minister, the attorney general and judges to take their opinion on how to amend the existing laws with a view to clamping down on habitual defaulters.

At a meeting with the central bank yesterday, the chief executive officers of private banks proposed the Bangladesh Bank to sit with the people in the judiciary. The BB agreed to the proposal, meeting sources said.

BB Governor Fazle Kabir presided over the meeting, where Bangladesh Law Commission Chairman ABM Khairul Haque and Bangladesh International Arbitration Centre CEO Muhammad A (Rumee) Ali were also present.

The willful defaulters frequently file writs with the High Court to evade falling into the default zone.

So, banks will be able to secure help from the people in the judiciary if the meeting is organised, Syed Mahbubur Rahman, chairman of the Association of Banks, Bangladesh, told reporters after the meeting.

The central bank has recently started working on amending three acts -- the Bankruptcy Act, 1997, the Artha Rin Adalat Ain 2003 and the Negotiable Instruments Act, 1881 -- to rein in the rising default loans.

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## Govt to conduct special audit of banks: Kamal

STAR BUSINESS REPORT

A special audit will be conducted into every bank to find out who took loans and where the imported capital machineries were set up, said Finance Minister AHM Mustafa Kamal yesterday.

The proclamation can be viewed as Kamal being as good as his word to bring down default loans in the banking sector when he took office last month.

"We want to come to a situation that everyone will know the truth," he said at Rupali Bank's annual conference, which was held at the capital's Krishibid Institution Bangladesh.

The initiative though will be taken after discussions with the Bangladesh Bank governor and secretary to the financial institutions division.

Defaulting on a loan is a crime for anyone as it is public money, he said, while warning of strict actions



AHM Mustafa Kamal

against wilful defaulters.

There are two types of borrowers: one who takes loans with the intent of never paying back and the other who fails to pay back due to circumstances beyond his/her control.

"We want to know who the genuine businessmen are and who the dishonest ones are."

Kamal went on to cite the case of

Malaysia, where a list of defaulters is circulated to all agencies. Defaulters are barred from leaving the country.

Malaysia successfully brought discipline to its financial sector due to the strict rules and regulations.

"Bangladesh should follow Malaysia's practice. Good borrowers should be encouraged and bad borrowers should be punished. Dishonest businessmen will not be spared."

Punitive actions will also be taken against the bankers helping the dishonest businesses, he said.

But if any businessperson fails to pay back loans due to genuine reasons, he will be treated with kid gloves.

"It seems that some people take loan in the name of export but the export proceeds do not come into the country. The same people are doing the same thing over and over again but banks are not looking at it. Strict action will have to be taken in such cases," he added.

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## Genex Infosys off to a flying start

STAR BUSINESS REPORT

Genex Infosys Ltd got off to a flying start on its debut on the stock exchanges yesterday whereas most securities went through a price correction.

Price of each share of the IT company hovered between Tk 59 and Tk 44 on the Dhaka bourse, before closing at Tk 55.90, more than five times higher than its face value of Tk 10.

A total of 81.50 lakh shares of Genex were traded on the Dhaka Stock Exchange (DSE), generating a turnover of Tk 41.67 crore. The company raised Tk 20 crore by floating two crore shares through the initial public offering (IPO), which received regulatory approval on September 4 last year.

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