

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.16%	▲ 1.23%	\$1,731.30	\$64.75	▼ 0.17%	▼ 2.07%	▼ 0.21%	▲ 1.14%	BUY TK 83.95	98.82	115.35	12.67
5,412.19	9,458.04	(per ounce)	(per barrel)	49,771.29	29,174.15	3,128.08	3,443.44	SELL TK 84.95	102.62	119.15	13.32



Star BUSINESS

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Non-banks' dividend capped at 30pc

AKM ZAMIR UDDIN

The central bank yesterday imposed a dividend cap of 30 per cent on non-bank financial institutions (NBFIs).

Of the amount, the NBFIs will have to pay 15 per cent in the stock dividend, and the rest will be paid in the form of cash.

On February 24, the Bangladesh Bank had barred the NBFIs from paying more than 15 per cent in cash dividend. It said nothing about the stock dividend.

But some of the NBFIs, along with the Bangladesh Merchant Bankers Association, repeatedly requested that the central bank reconsider the decision to allow the payment of more than 15 per cent dividend.

"They misinterpreted the issue, alleging that the instructions of giving 15 per cent cash dividend have already put an adverse

impact on the capital market," said a central bank official.

The BB asked some of the NBFIs in the first week of February not to declare dividends in excess, given the ongoing slowdown in business.

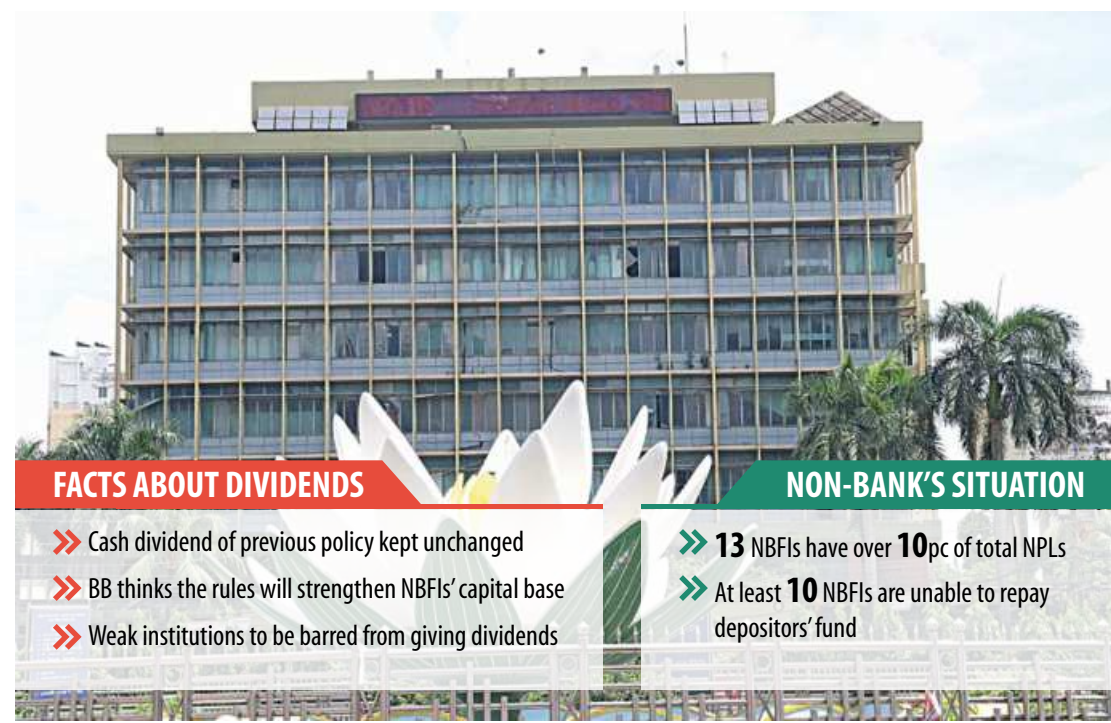
Still, some of the NBFIs announced excessive cash dividend, ignoring the regulatory instruction.

The central bank has issued the notice with the revision to bring an end to all misinterpretations.

This is the first time in recent years that the BB gave a directive to the NBFIs to be cautious in providing dividends, given the vulnerable financial health of some lenders.

A good number of NBFIs face a capital shortage and high amounts of classified loans because of a wide range of scams.

As per the central bank policy, the NBFIs, which have a capital adequacy ratio (CAR) of less



FACTS ABOUT DIVIDENDS

- Cash dividend of previous policy kept unchanged
- BB thinks the rules will strengthen NBFIs' capital base
- Weak institutions to be barred from giving dividends

NON-BANK'S SITUATION

- 13 NBFIs have over 10pc of total NPLs
- At least 10 NBFIs are unable to repay depositors' fund

than 10 per cent and default loans of more than 10 per cent, will not be able to declare any dividend.

The central bank said the NBFIs whose default loans went past more than 10 per cent would need to get approval to announce dividends.

Bangladesh has 36 NBFIs, and at least 10 of them struggle to pay

back depositors money despite those reaching maturity.

As of December 2020, the CAR of six of the NBFIs was less than what was required to be maintained, which is 10 per cent. A total of 13 had default loans of more than 10 per cent.

The CAR is a ratio of capital of a financial institution as percentage of its risk-weighted assets and

current liabilities. Regulators fix the CAR to protect depositors' money.

Industry insiders say following the BB order, many of the NBFIs would not be allowed to declare either cash or stock dividend for their shareholders for the year that ended on December 31 as their ratio of classified loans was high.

Joint ventures in EPZs now eligible for export loans

AKM ZAMIR UDDIN

The central bank yesterday allowed "Type-B" companies in export processing zones (EPZs) to enjoy foreign currency loans from an export development fund (EDF).

A good number of companies in the EPZs have been facing a slowdown in business over the past couple of months due to the coronavirus pandemic, which has played a role in the "Type-B" companies being made eligible for the EDF loans, said a central bank official.

There are three types of companies in the EPZs, namely A, B and C.

Firms with 100 per cent foreign ownership are considered "Type-A". Joint venture companies with foreign and Bangladeshi ownerships are treated "Type-B" and those with 100 per cent Bangladeshi ownerships "Type-C".

Several years ago the central bank allowed "Type-C" companies to enjoy loans from the EDF.

The eligible companies can use the fund to settle back-to-back letters of credit, which helps them smoothly procure industrial raw materials.

This will ultimately help them produce items for export on time.

A company, which is a member of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), will be permitted to avail a maximum of \$25 million from the EDF.

Those which are not members can avail \$15 million each. Though the loan had to be paid back within three months from the date of disbursement, the central bank recently increased the repayment tenure to six months, given the business slowdown caused by the pandemic.

The extended repayment tenure will stay in effect until June this year.



STAR/FILE

Chicken meat dearer as demand rises

STAR BUSINESS REPORT

Prices of chicken meat have risen after growing social gatherings and ensuing Shab-e-Barat and Pahela Baishakh festival fuelled the demand for the protein, said industry operators yesterday.

The spiral has further stretched the wallets of consumers, who are already bearing the brunt of higher prices of staple rice and edible oil.

In Dhaka, consumers are paying up to Tk 170 to buy one kilogram of broiler chicken from neighbourhood retail shops.

The prices of broiler chicken ranged from Tk 150 to Tk 160 per kg in Dhaka yesterday, up 3 per cent from a month ago.

The prices were 24 per cent higher from Tk 120-Tk 130 per kg witnessed on the same day a year ago after demand dropped substantially after the government announced the maiden case of coronavirus



STAR/FILE

Amid a slump in demand, a large number of poultry farms had to shut operations, industry insiders say.

infections in the country.

"Many poultry farms have been shut because of the pandemic. They are yet to restart farming," said Abu Taher, who runs a farm of 5,500 birds in Gazipur.

Insiders say the demand for chicken meat shot up ahead of Shab-e-Barat.

Muslims in Bangladesh will observe the Shab-e-Barat on the night of March 29. The Pahela Baishakh festival will be held in the middle of April.

Moshiur Rahman, president of the Bangladesh Poultry Industries Central Council, said many poultry farms had suffered losses after demand collapsed because of the pandemic, forcing many to shut operations.

Breeders used to hatch 1.40 crore day-old chicks every week before the outbreak of the pandemic. The weekly production came down to 70-75 lakh in April 2020.

READ MORE ON B3

Beacon may ship \$5m pharma products to Syria

AT A GLANCE

- Starting amount of export: \$5m
- Potential to export: \$10m
- Syrian pharma market size: \$90m
- Deal to be signed in: June
- Beacon to avail Good Manufacturing Practice certificate from Syria
- Syrian experts inspected Beacon plant



JAGARAN CHAKMA

Beacon Pharmaceuticals, the local pioneer of oncology product manufacturing, may export \$5 million worth of pharmaceuticals to Syria by December this year -- a huge development for the local pharma industry.

The shipment will make Syria the single largest export destination for Bangladeshi pharmaceuticals.

"We will get registration from the government of Syria to export drugs by June," said Md Ebadul Karim, managing director of Beacon Pharmaceuticals.

"We are also in the process of availing a certificate of Good Manufacturing Practice (GMP) from the Ministry of Health (MoH) of Syria," he added.

The company will export oncology, general and cephalosporin drugs to Syria, according to the managing director.

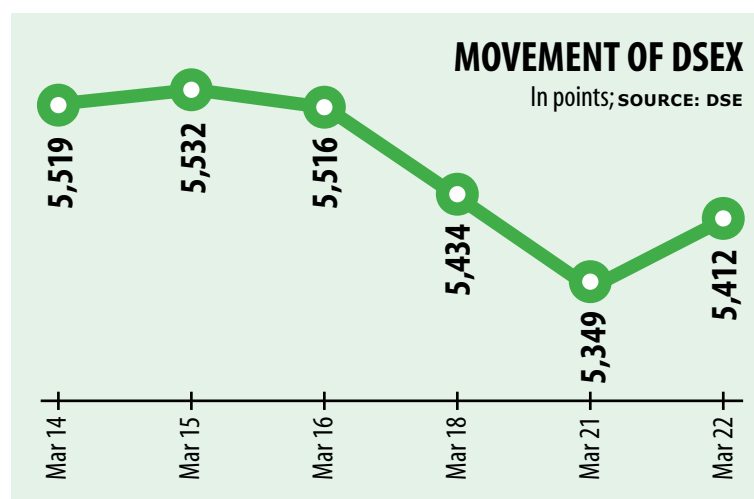
Karim also said it is a proud moment for the country as the international community's confidence on made in Bangladesh pharmaceuticals products has grown.

Sri Lanka is currently the top destination of drug shipments for Bangladesh with \$4.7 million in FY 2019-20 followed by Kenya with \$4.2 million.

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Stocks make a comeback

NRB Commercial Bank soars 32pc on debut



STAR BUSINESS REPORT

The country's stock market bounced back yesterday after crashing for two days, turning many stocks lucrative.

The DSEX, the benchmark index of the DSE, went up 62 points, or 1.16 per cent, to 5,412 yesterday. In the previous two days of trade, it dropped 166 points, or by more than 3 per cent.

As many well-performing companies' stocks also fell in the last two days, they

can now be considered lucrative, said stock investor Sohel Rana.

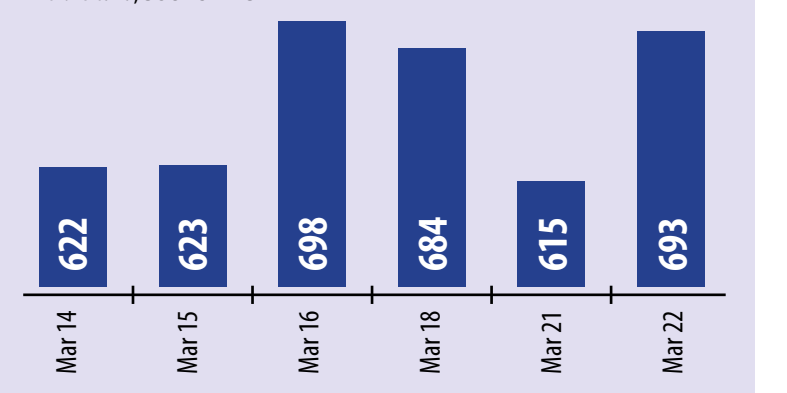
Though investors are still fearful about the rise of infections of the coronavirus, they continued to buy shares, he said.

Now support from institutional investors is needed for the index to continue to rise, Rana added. Meanwhile, NRB Commercial Bank made its debut on the bourse yesterday, when it soared 32 per cent.

Turnover, an important indicator of the market, increased 12 per cent to Tk 693 crore.

STOCK TURNOVER

In crore taka; SOURCE: DSE



Rumours have been going around that the market could be shut down as part of effort to contain the pathogen, said a stock broker.

Yesterday the stock market regulator issued a press release informing that the market would remain open if the banks continue operations.

The spread of the pathogen may hamper business of listed companies, said the broker. "So, investors were cautious in buying stocks in the previous days," he said.

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