

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.71%	▲ 0.80%	\$1,882.46	\$68.31	▼ 0.03%	▲ 0.67%	▲ 0.72%	▲ 2.40%	BUY TK 83.95	101.60	118.16	12.87
5,884.78	10,286.19	(per ounce)	(per barrel)	50,637.53	28,553.98	3,146.09	3,581.34	SELL TK 84.95	105.40	121.96	13.53



Star BUSINESS

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Huge losses eclipse state banks' progress in trimming bad loans

Janata gets 4 years to plug Tk 5,475 crore capital shortfall

AKM ZAMIR UDDIN

Six state-run banks' progress in bringing down the defaulted loans last year on the back of recovery and the payment holiday was overshadowed by a large volume of net losses.

Sonali, Janata, Agrani, Rupali, BASIC Bank and Bangladesh Development Bank Ltd (BDBL) collectively had a net loss of Tk 4,949 crore in 2020, in contrast to a net profit of Tk 89 crore a year ago, data from the Bangladesh Bank showed.

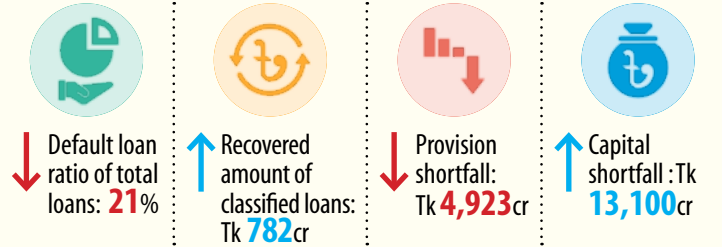
The net profit situation would have been better if Janata and BASIC Bank had not faced a large volume of net loss.

Janata Bank accumulated a net loss of Tk 5,054 crore in 2020 in contrast to a net profit of Tk 24.64 crore. The net loss at BASIC Bank widened to Tk 366 crore from Tk 326 crore in 2019.

However, the four other banks

PERFORMANCES OF SIX STATE BANKS LAST YEAR

SOURCE: BB



managed to make a combined profit of Tk 470 crore last year.

Janata Bank Managing Director Md Abdus Salam Azad said that the bank had recently moved out of the negative territory after the central bank granted it a regulatory

forbearance.

The bank had a capital shortfall of Tk 5,475 crore in December. It has now been given four years to get rid of the capital shortfall.

"The central bank has allowed us to set aside the capital in phases within the next four years. This has helped us make a net profit of Tk 14.45 crore last year," Azad said.

The BB extended the forbearance to Janata Bank last week.

A regulatory forbearance is a policy that permits banks and financial institutions to continue operating even when their capital is fully depleted.

Central banks give banks extended periods during which

they have to comply with regulatory requirements in securing new capital. This reflects the unwillingness of regulators to take disciplinary action against problem banks for a period.

The capital shortfall at the state-run lenders in Bangladesh stood at Tk 13,100 crore last year, up 29 per cent year-on-year.

Of the six banks, only BDBL had a capital surplus of Tk 605 crore last year.

Defaulted loans at the banks declined 3.91 per cent year-on-year to Tk 42,272 crore last year.

The central bank extended a loan moratorium facility to borrowers throughout last year to shield them from the pandemic-induced economic slowdown.

As a result, banks could not downgrade the credit status of borrowers where applicable. The payment holiday helped banks curb the upward trend of non-performing loans, a BB official said.

In addition, the banks took some steps to recover the defaulted loans, which had a positive impact on the volume of the bad assets.

The banks recovered a combined Tk 782 crore from defaulters last year, which improved their provisioning base as well.

Provisioning shortfall stood at Tk 4,923 crore last year, down 37 per cent year-on-year.

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Govt mulls higher tax to curb fake fish farming claims

RUN-UP TO BUDGET FOR FY2021-22

SOHEL PARVEZ

High earners from fish and poultry hatchery as well as fish farming are likely to lose the privilege of income tax reductions from fiscal 2021-22 as the government plans to introduce a new slab to collect more taxes from fish and poultry farming entrepreneurs.

Taxpayers earning over Tk 30 lakh yearly may require to pay 15 per cent tax from the

present 10 per cent, said finance ministry officials.

The hike in the top income bracket comes as the National Board of Revenue (NBR) looks to increase tax collection for the next fiscal year and curb scopes of evasion.

There is an allegation that a section of people show higher incomes from aquaculture to enjoy reduced tax benefits on fish farming which the government offers to encourage employment and increase availability of fish protein.

In a letter to the NBR in January this year, the Anti-Corruption Commission (ACC) asked to verify income sources shown by many taxpayers in their returns, including fish and poultry farming.

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Over the past two decades, Bangladesh saw a massive expansion of aquaculture to meet increasing demand for fish.

SME BOARD IN BOURSES First company oversubscribed by 18 times

STAR BUSINESS REPORT

The first company on the SME board of the country's bourses has been oversubscribed by about 18 times.

Nialco Alloys got approval to go public on the new board last month.

The company aims to raise Tk 7.5 crore from qualified investors by issuing 75 lakh shares at Tk 10 each.

In order to help the company meet its demand for long-term financing, the Bangladesh Securities and Exchange Commission has approved the country's first quality investors offering.

The planned Tk 7.50 crore offering was subscribed for by Tk 134.39 crore, which came from 309 eligible investors.

Subscription continued from May 16 to May 20.

The small-cap board, called the DSE SME, was rolled out on April 30 in 2019 with a view to facilitating small- and medium-sized enterprises to raise funds, which were shut out from the process before that for their lower turnover.

SMEs have been suffering from a financial shortage for many years, although these firms have a huge impact on the country's gross domestic product and employment generation.

With this backdrop, SMEs had repeatedly urged the BSEC to give a chance to raise funds from the stock market.

ACI continues to log profits

STAR BUSINESS REPORT

ACI, one of the country's leading business houses, has been continuing to log profits for the last three quarters as it registered growing sales of consumer goods, packaging materials and food from its retail chain Shwapno.

ACI said it returned from losses and made Tk 22.31 crore in profit in the July-March period of fiscal 2020-21. The company incurred Tk 100 crore in losses in the same period the previous year.

However, stocks of ACI dropped 2.69 per cent to Tk 249 at the Dhaka Stock Exchange (DSE) yesterday.

The company, whose operations range from a retail chain, food, pharmaceuticals, consumer goods to agricultural machinery, went in the red in fiscal 2018-19 for the first time in seven years.

It could not recover from losses in the subsequent year.

From the first quarter of fiscal 2020-21, it has been booking profits.

"Due to the growth in consolidated revenue along with decline in certain operating expenses and reduction in finance cost, consolidated profit has demonstrated a positive move

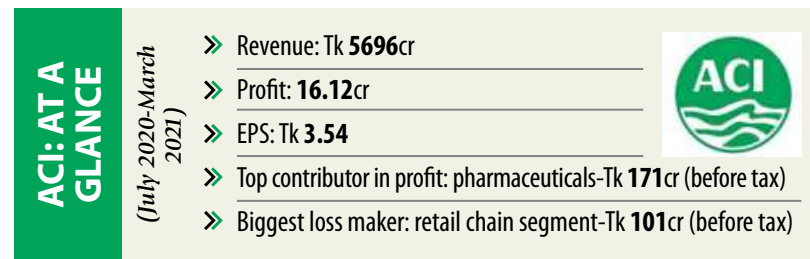
compared to the same period of the previous year," ACI said in a DSE disclosure.

"Our animal, motor and consumer brand business segments performed better this year," said Pradip Kar Chowdhury, chief financial officer of ACI.

Though the pharmaceuticals

in the period. ACI's net finance costs fell 24.7 per cent year-on-year to Tk 265 crore in the July-March period of the current fiscal year.

Md Belal, a stock investor, said many investors including him were disappointed to see the loss because ACI had a long history of generating profits and paying dividends.



unit was the biggest contributor to profit, their expectations were even higher, he said, adding that food business segment also returned to the black.

"Our profits were positively impacted by lower finance cost which was mainly due to low-interest regime in the banking sector," Chowdhury added.

The company's operating expenses dropped 4.7 per cent to Tk 120 crore

It provided handsome dividends last year from money saved from its previous profits despite incurring losses, he said.

"So, we were waiting to see the rebound of the company. It is good to see that the company is booking profits," he said.

The ACI's revenue stood at Tk 5,696 crore in the nine-month period which was Tk 5,189 crore in the same period of the previous year.

Local IT firms offering blockchain solutions abroad, Palak says

STAR BUSINESS REPORT

Bangladeshi IT companies have been deploying blockchain solutions across the world through training provided by the government, said State Minister for ICT Zunaid Ahmed Palak yesterday.

"Through a centre of excellence on emerging technologies under Bangladesh Computer Council (BCC), we have provided the training to around 200 developers in nine IT companies," he said.

"These companies are now deploying blockchain solutions in Bangladesh, Japan, Malaysia, the UK, the US and other markets," he said.

Blockchain is a ledger of blocks of information, such as transactions or agreements, that are stored across a network of computers, writes the BCC.

This information is stored chronologically, can be viewed by a community of users, and is not usually managed by a central authority such as a bank or a government. Once published, the information in a certain block can't be changed, it said.

If people try to tamper with that information, it becomes obvious. Ten years ago, blockchain was combined with other technologies to create cryptocurrencies, and the first blockchain-based cryptocurrency was Bitcoin, it added.

Palak was addressing a webinar on "Fasset presents the Blockchain Economy Summit 2021," organised by Inspiring Bangladesh and Leveraging ICT for Employment and Growth of the IT-ITES Industry, a project of the BCC

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BB allows banking in areas under lockdown

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to keep their branches open in areas where lockdowns have been imposed amid a surge in Covid-19 infections, but only through consultations with respective metropolitan and district administrations.

Lockdowns have recently been imposed in Chapainawabganj district and Teknaf upazila of Cox's Bazar to curb the increasing rate of Covid-19 cases in those areas.

The banking regulator has issued a notice to this end saying the respective banks will have to inform the local administrations about their employees who will go to the branches located at the lockdown areas.

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Farmers are becoming more inclined towards cultivating maize for its higher yields compared to traditional crops alongside better profits for high demand as it is the main component for producing poultry and fish feed apart from being consumed by people. The photo was taken recently at Char Bokshia in Ghatail of Tangail.

SK ENAMUL HAQ

Indo-Bangla JV to invest \$2.95m in Ishwardi EPZ

STAR BUSINESS REPORT

Khyaati Leather Innovations BD Ltd, an India-Bangladesh joint venture, is set to establish a garment accessories and bags manufacturing factory at the Ishwardi Export Processing Zone in Pabna at an investment of \$2.95 million.

The joint venture has signed an agreement with the Bangladesh Export Processing Zones Authority (Bepza) to this effect recently, according to a press release.

The company will produce 40-50 million pieces of artificial leather or leather, heat seal labels, silicon labels, artificial leather belt, printed fabrics, buttons, rivets, metal or plastic ID cards and other items annually.

It will also manufacture metal and plastic eyelets, lock-pin, hanging accessories, fabric label, hangtags or stickers, laces, shoe soles, bags, fashionable tapes, taffeta labels, woven labels, and knitted and fabric belts.

The investment will create job opportunities for 116 Bangladeshi nationals, said the Bepza in the press release.

Md Mahmudul Hossain Khan, member for investment promotion of the Bepza, and Pravin Satyapal Uppal, chairman of Khyaati Leather, inked the deal at the Bepza Complex in Dhaka recently.

Bepza Executive Chairman Md Nazrul Islam said the Bepza was trying its best to attract local and foreign investment to the EPZs.

There are eight EPZs in Bangladesh.

Submarine Cable Company's profits double in Jul-Mar

STAR BUSINESS REPORT

Profits of the Bangladesh Submarine Cable Company Limited (BSCCL) almost doubled in nine months of fiscal 2020-21 thanks to higher turnover with the same operating costs amid the coronavirus pandemic.

The state-run service provider's profits surged 90 per cent to Tk 124 crore in the nine months to March this year.

Its profits rose due to an increase in revenue and there was no significant additional expenditure against the increased revenue, the company said in a post on the Dhaka Stock Exchange website yesterday.

BSCCL's turnover rose 34 per cent to Tk 244 crore in the same period. However, its direct cost and operating costs fell 16 per cent to Tk 75 crore during the same period.

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