

Beximco reports massive loss, Beximco Pharma a profit

STAR BUSINESS REPORT

Beximco, a leading conglomerate of Bangladesh, yesterday reported a substantial decline in net earnings in the second quarter of fiscal year 2024-25, citing a production shutdown due to the unavailability of banking facilities.

In contrast, Beximco Pharmaceuticals, another major concern of the troubled Beximco Group, said its earnings rose 28 percent year-on-year to Tk 184.31 crore in the October-December period.

However, share prices of the leading drugmaker fell 1.4 percent to close at Tk 75.20 at the Dhaka Stock Exchange (DSE) yesterday, which was apparently a reflection of investors losing confidence in it.

The interim government has decided to sell shares of Beximco Pharmaceuticals and Shinepukur Ceramics Ltd to pay salary arrears and service benefits of laid-off employees of the group's factories, which were recently shut down.

Shinepukur Ceramics lost 8.33 percent to close at Tk 11 yesterday.

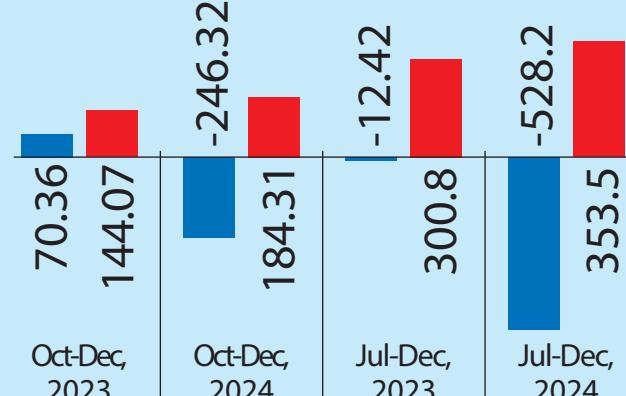
The government on Tuesday said the Bangladesh Securities and Exchange Commission and the Financial Institutions Division would take steps to sell the shares

PROFIT/LOSS OF BEXIMCO LTD AND BEXIMCO PHARMA

In crore taka;

Beximco Ltd
Beximco Pharma

SOURCE: FINANCIALSTATEMENTS



to clear the dues, which amount to around Tk 550 crore. Earnings per share (EPS) of Beximco Pharmaceuticals stood at Tk 4.1 during the three month period. It was Tk 3.21 in the same period of 2023.

With the October-December earnings, the total income of Beximco Pharmaceuticals rose 17 percent year-on-year to Tk 353.50 crore in the fiscal year's first half, which ended

last December.

However, Beximco Ltd reported losses. This major concern of the group fell into trouble after banks stopped providing funds due to the accumulation of default loans following the political changeover in early August last year.

For the quarter ending in December 2024, Beximco posted a loss per share of Tk 2.58, which

is in stark contrast to an EPS of Tk 0.82 recorded in the same period of the previous year.

The company incurred a loss of Tk 246 crore during the quarter, whereas it had posted a profit of Tk 71 crore in the same period a year ago.

For the six months ending in December 2024, Beximco Ltd reported a massive spike in losses, amounting to Tk 528 crore, compared to a loss of only Tk 12.4 crore in the same period a year ago, according to the company's financial statements.

As such, the loss per share of Beximco Ltd rose to Tk 3.78 in the first half of the current fiscal year, down from an EPS of Tk 0.03 in the corresponding period a year earlier.

Despite this setback, the company managed to attain a notable improvement in its net operating cash flow per share in the six months.

It was Tk 12.58 in the six-month period, up from Tk 1.44 in the previous year.

Beximco attributed the downturn to a near-complete production shutdown, as banks stopped opening letters of credit from August 2024, making it impossible to procure raw materials.

Additionally, the company was forced to sell fabric and yarn stocks at prices below cost, as garment factories remained non-operational.

BRAC Bank secures B+ credit rating from S&P

STAR BUSINESS REPORT

BRAC Bank has secured a 'B+' credit rating with a stable outlook, as affirmed by the world's leading credit rating agency, S&P Global Ratings.

Despite challenges in the banking sector, the US-based credit rating agency has expressed confidence in BRAC Bank, maintaining a solid 'B+' rating with a stable outlook.

This is equivalent to the sovereign rating of Bangladesh and the highest among the banks' S&P rates in the country, the bank said in a press release.

The credit rating agency, in a statement, said, "BRAC Bank has been able to establish a good branch network and online presence. The bank's access to retail remittances and export-oriented clients will help it navigate the challenges arising from Bangladesh's weak external position."

"We believe the bank will maintain its satisfactory franchise, particularly in the SME and retail segments in the underpenetrated Bangladeshi market. BRAC Bank also benefits from above-industry average asset quality," it added.

Govt plans

FROM PAGE B4

"If I had to make one single comment, I would say that such a database should be maintained continuously."

He mentioned if that happens, this would undoubtedly be a good initiative.

However, one concern remains. Since this is being developed under a project framework, there need to be periodic updates. A farmer's information -- such as land ownership details -- must be updated whenever land is bought or sold."

The Department of Agricultural Extension (DAE) published the draft on its website on January 28 seeking feedback from the public by today.

The formulation of the

policy is a part of a five-year government "Programme on Agricultural and Rural Transformation for Nutrition, Entrepreneurship and Resilience" initiated in July 2023.

Implementing the programme will cost around Tk 7,000 crore, to be jointly provided by the government, World Bank and the International Fund for Agricultural Development.

According to the Agriculture Census 2019, there are approximately 16.9 million agricultural households in the country. Around 61.7 percent of Bangladesh's total land area of 14.3 million hectares is arable.

FROM PAGE B1

For the first time, the BBS has introduced some new indicators that highlight problems faced by economic units.

Among the nine challenges identified, nearly 86 percent of entrepreneurs cited a lack of capital.

Additionally, 34 percent reported difficulties in accessing easy term loans.

"The number of entrepreneurs is higher in rural areas than in urban areas. But rural entrepreneurs face discrimination in accessing capital," Planning Adviser Wahiduddin Mahmud said while speaking as the chief guest at the report launching event in

Agargaon. He explained that while urban business tycoons secure loans and often default, rural entrepreneurs struggle to access financing for their businesses.

He used Beximco Group as an example.

"They have grown rich overnight based on loans. They have nothing other than loans. Now most of the factories are closed. The government is running their operations," he said.

"There is no shortage of entrepreneurs in Bangladesh, but access to capital remains a real challenge," he added.

Furthermore, job opportunities in rural areas have shrunk over the 11 years since 2013, reflecting a lack of growth in non-farm activities.

The census reveals that 56.82 percent of 3.07 crore were engaged in economic activities in rural areas in 2024, down from 61.23 percent in 2013.

However, the number of people involved in economic activities increased during this period as the economy expanded, leading to an increase in the number of economic units, the BBS

stated while launching the census at its office yesterday.

On the other hand, urban areas have created more economic opportunities since 2013. The BBS reported that 43.18 percent of people were engaged in economic activities in urban areas in 2024, up from around 39 percent in 2013.

In urban areas, the number of people involved in economic activities stood at 1.32 crore in 2024, with Dhaka division accounting for 89 percent of the total. Chattogram ranked second, followed by Rajshahi.

Overall, the BBS found that 70.27 percent of economic units in the country operate in rural areas, while 29.73 percent are located in urban areas.

Dhaka division hosts the highest number of economic units, totaling 32.1 lakh, contributing 27.03 percent of the total in 2024, up from 24.23 percent in 2013.

Additionally, the country has 116,978 e-commerce economic units, with Dhaka hosting the largest portion of around 47.42 percent or 55,474 units.

Accounts, assets

FROM PAGE B1
"This would prevent them from conducting transactions abroad, ensuring accountability and deterring financial misconduct," according to the report.

The report also stated that three former governors of Bangladesh Bank, who undermined the banking sector's stability during Sheikh Hasina's 15 year regime, should be held accountable for their failures.

A bank resolution-type Asset Management Company (AMC) can help reduce NPLs. The merger of weak banks with strong banks is another option for improving the health of the banking sector, she said.

Merging weak banks with stronger ones can enhance the efficiency of weaker institutions. However, careful planning, transparency, thorough audits of weak banks, and proper consultations are required to avoid penalising stronger banks, she added.

She also noted that if weak banks are merged with stronger ones, not all employees will be retained -- some job cuts will be necessary. "This is a social cost that must be accepted."

The social cost would be much higher if the government allowed the closure of some strong banks, so mergers and acquisitions should be considered.

NPLs in Bangladesh's banking sector surged to Tk 284,977 crore as of September 2024, accounting for nearly 17 percent of total outstanding loans in the

country.

This figure is 2.7 times higher than the combined budget allocations for education and health in the fiscal year 2024, underscoring the severity of the crisis.

"The opportunity cost is huge," Fahmidha said.

State-owned commercial banks are the worst affected, with an NPL ratio of 40.35 percent.

The liquidity situation is equally dire.

Excess liquidity, which is crucial for banks to absorb unexpected financial shocks, has declined sharply.

The root cause of the banking sector's problems lies in weak governance and rampant political interference, she said, adding that board members of state banks and several private banks have historically been appointed based on political connections rather than competence, leading to poor decision-making and widespread corruption, she added.

The independence of Bangladesh Bank, the country's central bank, has also been undermined.

Given the strong vested

interest groups, an all-out effort must be made and sustained, backed by political commitment at the highest level, to continue banking reforms.

Additionally, the CPD recommends establishing specialised courts and tribunals to expedite the resolution of loan default cases.

At the event, Mustafizur Rahman, a distinguished fellow of the CPD, and Khondaker Golam Moazzem, research director of the CPD, were also present.

Fuel price can be cut by Tk 15 a litre: CPD

FROM PAGE B1

Preety said the automatic pricing mechanism for fuel adjustment under the IMF's conditions is a positive step, but it has some flaws as well.

After the implementation of the automatic pricing system, people expected fuel prices to decrease significantly in line with the fall in international prices, she added.

Unfortunately, due to the failure to follow the correct procedure, there have been few visible changes in fuel oil prices, she added.

Preety said the prices of diesel and kerosene were reduced by Tk 1 per litre from January 1 this year.

She said the pricing formulas adopted by Bangladesh Petroleum Corporation (BPC) and the Bangladesh Energy Regulatory Commission (BERC) for fuel oil need to be revised.

As a result, fuel prices could be reduced, and the current system of automatic pricing, which shifts the burden of additional costs onto consumers, is unacceptable, she added.

Preety said the prices of diesel and kerosene were reduced by Tk 1 per litre from January 1 this year.

According to a study conducted by the CPD last year, such price adjustments are inconsistent with a market-based pricing structure.

Along with the pricing method used by the BPC, there is an existing fuel pricing mechanism by the BERC, although it has not yet been implemented, she added.

However, in the future, if BERC is entrusted with the responsibility of setting prices, the significance of the method adopted by the commission will increase, she added.

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Memo No. 25.36.7900.150.1.8.134/10

Date: 28/01/25 Eng

e-Tender Notice

(Tender No. pjy/pwd/2024-25/app-94, 95, 96, 97)

e-Tender is invited in the national e-GP System Portal (<http://www.eprocure.gov.bd>) for the Procurement of the following works.

SL No.	Tender ID	Name of works	Procurement method	Tender Last Selling Date & Time	Tender Security Last submission Date & Time	Tender Closing Date & Time
01	1067384	Emergency repair work at Sadar Fire Service of Pirojpur district.	OTM	10-Feb-2025 16:00 PM	11-Feb-2025 11:00 AM	11-Feb-2025 12:00 PM
02	1067385	Electrical repair work of Pirojpur Nursing Institute.	OTM	10-Feb-2025 16:00 PM	11-Feb-2025 11:00 AM	11-Feb-2025 12:00 PM
03	1067386	Civil sanitary emergency repair work of court building in Mathbaria upazila of Pirojpur district.	OTM	10-Feb-2025 16:00 PM	11-Feb-2025 11:00 AM	11-Feb-2025 12:00 PM
04	1067387	Civil Sanitary Emergency Repair Work of Pirojpur District Additional Superintendent of Police Mathbaria Circle Office.	OTM	10-Feb-2025 16:00 PM	11-Feb-2025 11:00 AM	11-Feb-2025 12:00 PM

This is an online Tender, where only e-Tenders will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. Interested persons/firms can see

Ref No- 51.01.0000.000.07.81.23.1391

Date: 29/01/2025

Invitation for e-Tender Notice

1	Ministry	Ministry of Disaster Management and Relief

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