

star BUSINESS

Emerald Oil in crisis again

BASIC Bank reveals plans to auction off company's assets

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Emerald Oil, a rice bran oil maker, has seen a bumpy performance since being listed with the Dhaka Stock Exchange (DSE), which in turn has led its investors down a tumultuous road.

Now, the latest development from its banking partner -- BASIC Bank -- has plunged investors into real jeopardy yet again.

The state-owned lender said it would auction off the assets -- land and machinery -- pledged as collateral by Emerald Oil Industries after multiple failures to recover the company's outstanding loans.

However, the listed company provided a disclosure yesterday, alleging that it has not received any such letter from the bank or any court order/notice yet.

According to the auction notice posted by the bank, Emerald Oil's outstanding dues amounted to Tk 91.95 crore till 2018. In order to recover the amount, a total of 541 decimals of land, along with local and international machinery, will be auctioned if suitable bidders come forward.

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STOCKS	
DSEX ▼	CASPI ▼
0.27% 5,253.79	0.15% 14,683.20

COMMODITIES	
Gold ▲	Oil ▼
\$2,912.34 (per ounce)	\$69.04 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.20% 74,602.12	▼ 0.25% 38,142.37	▼ 0.2% 3,908.05	▲ 1.02% 3,380.21

Stock market shrank 38% over 16-year span

Stockbrokers estimate, point finger at mismanagement

STATISTICALLY SPEAKING

CURRENT STATE

- » Inflation-adjusted return: 2.9% per year
- » Market capitalisation to GDP ratio: 6%
- » 134 IPOs raised Tk 9,000 cr in 15 years
- » One-third of listed firms now 'junk'
- » Tk 9,700 cr in negative equity
- » Poorly governed firms dominate SME market
- » Insider trading, mismanagement hurt investor trust

HURDLES

- » IPO valuation lacks financial logic
- » Half of margin loans turned into negative equity
- » Mutual funds accused of fund abuse, embezzlement

WAY FORWARD

- Review Demutualisation Act
- Reform IPO valuation, regulatory practices
- Lower AIT on investments to 5%
- Operationalise and consolidate key market bodies

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The stock market has declined 38 percent in real value over the past 16 years, largely due to negative returns and poor management practices. While some companies

showed growth, widespread mismanagement limited overall income generation.

Combined with high inflation, these factors eroded the market's real value, leaving investors holding the bag.

A discussion by Dhaka stockbrokers yesterday elaborated on the market missteps, including political interference and inconsistent regulatory actions, which contributed to the stock decline.

Over the years, they said, the market failed to attract good companies for listing and initial public offerings (IPOs).

In the past 15 years, 134 IPOs were launched, while nearly one-third of total listed firms got classified in the "Z" category -- junk stocks that typically do not perform well.

Besides, margin loan practices -- where brokers lend money to investors to buy securities -- worsened the situation by contributing to negative equity

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LUXURY IN
DEPARTURE



Shafiqul Alam
Economy rebounding:
press secretary

STAR BUSINESS REPORT

Bangladesh's economy has been rebounding in the last six months on reaching the verge of collapse, Chief Adviser's Press Secretary Shafiqul Alam said yesterday.

"It's just a miracle," he said at a discussion organised by the Development Journalist Forum of Bangladesh (DJFB) at the Planning Commission in Dhaka.

Right before the interim government took over, the economy was in such a fragile state that it could have fallen apart at any moment, Alam said.

"However, in the last six months, we have witnessed remarkable improvements," he said.

Consumer prices have been declining over the past two months and inflation is expected to drop to 7 percent by June, he added.

"The priority now is to restore confidence and stability among the public," he said, reassuring savers that their deposits were

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