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Dozens of zombie firms still trading as if nothing is wrong

Regulators say investors are free to trade bad shares, while analysts urge a market clean-up

AHSAN HABIB

Nearly four dozen companies have been languishing in the junk category of the Dhaka Stock Exchange (DSE) for at least five years, yet their shares continue to trade on the country's main market and sometimes even appear among the top gainers.

Year after year, these firms fail to post profits or pay dividends, while many do not hold annual general meetings on time. These are the criteria that place companies in the Z category, known as the junk group.

In theory, Z-category stocks should warn investors. In practice, the label does little to scare away trading, and the shares of such firms continue to change

KEY FACTS

13 companies are incurring losses for more than a decade

33 companies are incurring losses for over five years

Accumulated losses of 27 firms stood at Tk 27,000 crore until June 2024

Five companies even failed to publish financials properly



What do stakeholders suggest?

Liquidation of continually loss-making companies

Protecting general investors from manipulators



What is the impact of poor performance?

- Giving a negative message to foreign investors
- Not showing the real picture of the economy

SOURCE: DSE ● PHOTO: SAURAV HOSSAIN SIAM

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hands.

Analysts say allowing companies that owe more than they have is like "letting zombies roam the market". They argue that these firms should either be delisted or liquidated so that investors can get back some of their hard-earned money.

Regulators, however, have long opposed such a market clean-up. Both the Bangladesh Securities and Exchange Commission (BSEC) and the DSE maintain that investors must take responsibility for their own choices. If investors wish to trade speculative stocks, the regulators say, they are free to do so.

Delisting removes a company's shares from public trading. Shareholders

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Dhaka income almost twice the national average: DCCI

STAR BUSINESS REPORT

The per capita income in Dhaka district is nearly twice the national average, as the district accounts for almost half of Bangladesh's gross domestic product (GDP) -- the total value of final goods and services produced in a specific period.

According to a Dhaka Chamber of Commerce and Industry (DCCI) study, presented at an event in the capital yesterday, the per capita income of a resident in Dhaka was \$5,163 in fiscal year 2023-24, which is 89 percent higher than the national average of \$2,738.

The estimate was based on district-wise GDP data from 2011 published by the Bangladesh Bureau of Statistics and on investment, consumption, expenditure, imports, exports, land area, and population growth.

Several experts and participants at the event, however, raised questions about the limitations of these figures on Dhaka's per capita income and GDP.

The paper also stated that Dhaka accounts for 46 percent of the country's GDP.

The region, having the capital city,

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